

EXCERPTS FROM TRANSCRIPT OF HEARING

Testimony of Mills Cox

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Direct Examination

By Mr. Head:

Q. Please state your name and residence. A. My name is Mills Cox. My residence is Houston, Texas.

Q. Are you familiar with exhibits which have been numbered 3-C through 3-K in this hearing consisting of agreements relating to the purchase of gas from the Rayne Field, Arcadia Parish, Louisiana?

Presiding Examiner: They would all be a part of exhibit 3 as they are now numbered.

Mr. Head: I see. I am sorry, your Honor.

By Mr. Head:

Q. Are you familiar with exhibit 3? A. Yes, sir.

Q. Are you also familiar with exhibit 41, being a schedule of gas prices paid and offered by certain pipeline companies for gas produced in South Louisiana? A. Yes, sir.

Q. Have you prepared a statement of your testimony relating to those exhibits and other matters within your jurisdiction as vice president in charge of Texas Eastern's gas supply which was formerly numbered hearing exhibit No. 47; a copy of which has been furnished to the reporter? A. I have.

Q. Do you have any changes to make in that exhibit in

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view of the renumbering of certain other exhibits? A. Yes. On page 8 I would like to strike beginning from the fourth line from the top of page 8 the sentence beginning "There are attached hereto" and ending "offered for gas in south Louisiana."

Q. Would you like to insert anything in lieu of that sentence you have requested to be stricken? A. I now identify exhibit number 41, which consists of schedules of prices currently being paid and offered by certain pipeline companies for gas produced in south Louisiana, and which were prepared under my supervision and direction.

And I would like to make one other change on page 8.

It appears on that page that there has been an omission in the sentence beginning at the top of the page which should read "These schedules show the purchaser of the gas, the Federal Power Commission dockets in which the prices have been filed or approved."

The words "filed or" appear to have been omitted.

Q. You wish to insert after the word "they" the two words "file or"? A. The words "filed or approved."

Presiding Examiner: At the end of what has been the seventh line before the deletion?

The Witness: That is correct.

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By Mr. Head:

Q. As so changed by you, does the statement of your testimony—is the statement of your testimony true and correct to the best of your knowledge and belief? A. It is.

Q. Was that statement prepared by you? A. Yes, sir.

Q. Do you adopt that as your testimony? A. I do.

Mr. Head: Your Honor, we ask that the statement be copied into the record as though read, with the changes made?

Presiding Examiner: With the changes made by the witness on the stand as to the items on page 8, the testimony of Mills Cox as it appears in the document so marked will be copied into the record as if read.

I hear no objection.

(The testimony referred to is as follows:)



# TRANSCRIPT OF RECORD

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Supreme Court of the United States

OCTOBER TERM, 1964

No. 644

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THE UNITED GAS IMPROVEMENT COMPANY,  
PETITIONER,

vs.

CONTINENTAL OIL COMPANY, ET AL.

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No. 693

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FEDERAL POWER COMMISSION, PETITIONER,

vs.

M. H. MARR, ET AL.

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ON WRITS OF CERTIORARI TO THE UNITED STATES COURT OF  
APPEALS FOR THE FIFTH CIRCUIT

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NO. 644 PETITION FOR CERTIORARI FILED NOVEMBER 2, 1964

NO. 693 PETITION FOR CERTIORARI FILED NOVEMBER 16, 1964

CERTIORARI GRANTED JANUARY 12, 1965



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IN THE  
**United States Court of Appeals**

FOR THE FIFTH CIRCUIT

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**Nos. 20560, 20564, 20582, 20587,  
20829, 20846, 20847, and 20591**

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**M. H. MARR, SUN OIL COMPANY, CONTINENTAL OIL COMPANY,  
GENERAL CRUDE OIL COMPANY, TEXAS EASTERN  
TRANSMISSION CORPORATION, *Petitioners,***

**v.**

**FEDERAL POWER COMMISSION, *Respondent.***

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**On Petitions to Review Opinions and Orders of the  
Federal Power Commission**

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**JOINT APPENDIX**

**(Volume I)**

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**Testimony of Mills Cox**

My name is Mills Cox and my residence is Houston, Texas.

At the present time I am Executive Vice President of Transwestern Pipeline Company and prior to that time, through October 31, 1957, I have been Vice President of Texas Eastern Transmission Corporation and in charge of and responsible for the gas supply of Texas Eastern.

I joined Texas Eastern in April, 1948, as Manager of Gas

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Supply, and was made a Vice President in April, 1950.

Prior to my association with Texas Eastern, with the exception of the time for my education in the service in World War II, I have been engaged in various phases of the oil and gas business from 1918, and this experience and association has continued until the present time.

As a part of my duties and responsibilities with Texas Eastern, I at all times kept myself as fully informed as possible with the gas reserves available for purchases in the areas traversed by its pipelines, as well as the prices being paid and offered for gas by Texas Eastern's competitors in such areas.

I will cover Exhibits numbered 3-C through 3-K, inclusive in my testimony. Exhibits 3-C through 3-F are Gas Purchase Contracts, each dated February 1, 1957, executed by Texas Eastern with Continental Oil Company, Sun Oil Company, General Crude Oil Company and M. H. Marr, respectively, covering the purchase by Texas Eastern of an aggregate of 104,000 Mcf of gas per day at a pressure base of 15.025 psia from the Rayne Field, Acadia Parish, Louisiana.

Each contract is for a primary term of 20 years from the date of initial delivery of the gas and the four contracts



cover a major gas reserve which has been estimated to contain in excess of 750 billion cubic feet of proven gas reserves.

I personally executed and negotiated each of these

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contracts in my capacity as Vice President of Texas Eastern.

Exhibit 3-G is an agreement whereby Continental is designated as agent for sellers. Exhibits 3-H through 3-K are separate agreements with minority interest owners covering the purchase of their gas upon the same general terms and conditions as are contained in the four principal contracts.

Each of the contracts provides for an initial price of 22.6 per cent per Mcf with an annual fixed escalation in the amount of four mills per Mcf on the first day of November of each year for the first 19 years of the primary contract term.

The sellers under the contracts are entitled to reimbursement for the present Louisiana gas gathering and severance taxes, plus seven-eighths of any increased or additional taxes levied on the gas to be delivered under the contracts.

The payment of this price was conditioned upon the dedication by the sellers of a total gas reserve of not less than 730 billion cubic feet of gas. The sellers are required to gather and deliver the gas at a central point in the Rayne Field. The gas to be delivered will be dehydrated gas having a heating value of not less than 1,000 Btu per cubic foot and conforming to Texas Eastern's usual quality specifications.

No adjustment is made in price for gas delivered with a heating value in excess of 1,000 Btu. However, if the Btu content of the gas falls below 1,000 Btu, Texas Eastern may elect either to refuse to accept delivery or to reduce the price

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in proportion to the reduction in Btu content below 1,000 Btu per cubic foot.

The Rayne Field is easily accessible to Texas Eastern's existing pipeline system, being located only approximately 19 miles south of Texas Eastern's 30-inch Beaumont, Texas, to Kosciusko, Mississippi, tie line, which was authorized in Docket No. G-2503.

The Rayne gas reserve is the first reserve which Texas Eastern has been able to acquire for delivery into this 30-inch line since the date of its completion in the latter part of 1955.

I strongly recommended the purchase of the Rayne Field gas to Texas Eastern's management for a number of reasons.

As Vice President in charge of Texas Eastern's gas supply, it was, of course, essential that I keep abreast of the future estimated demands of Texas Eastern's customers in order that I could attempt to acquire sufficient additional gas reserves from time to time to meet the present and long-range needs of Texas Eastern's customers.

In this connection I was advised that Texas Eastern's customers have requested an additional 250 million cubic feet of gas commencing in the Fall of 1958, and have estimated that their requirements will increase by a total of approximately 500 million cubic feet of gas per day over the next five years.

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The purchase of the Rayne Field gas is essential if Texas Eastern is to supply even a portion of this known increased demand of its customers.

In seeking available gas to satisfy the constantly increasing demands of Texas Eastern's customers, I was necessarily limited to the gas reserves available for purchase in

the areas traversed by Texas Eastern's existing pipeline system.

Texas Eastern has already purchased most of the available gas reserves offered for sale in the areas contiguous to the Big Inch, Little Big Inch, and Wilcox Trend System lines.

As a consequence, the only uncommitted gas reserves of any substantial magnitude available for purchase in the areas accessible to Texas Eastern's existing system are the proven gas reserves in Mexico and the South Coast of Texas in the area of Texas Eastern's 30-inch South Texas pipeline extension from Beaumont, Texas, to Hidalgo County, Texas, which was certificated in Docket No. G-9784, and the large gas reserves located in South Louisiana which are accessible to the Company's 30-inch Beaumont to Kosciusko tie line.

Texas Eastern expects to be able to continue to purchase substantial quantities of gas for delivery into its South Texas line. However, I am convinced that it must also enter the South Louisiana gas market if it is to obtain the additional supplies of gas of sufficient magnitude to meet its customer's demands.

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This conviction is based upon a number of factors. In the first place, although the uncommitted and available gas reserves accessible to Texas Eastern's South Texas line are large, they are not large enough to supply the estimated increased requirements of Texas Eastern's customers.

Moreover, the competition for the purchase of such reserves is extremely active with the result that Texas Eastern has recently lost out on several rather large potential purchases in this area because of higher prices offered by its competitors.

Therefore, I am of the opinion that it is essential that Texas Eastern also seek gas supplies in other areas. The large uncommitted gas reserves in Southern Louisiana make that area the most logical place for Texas Eastern to seek reserves to augment the reserves which I expect it to acquire in South Texas.

The acquisition of the Rayne Field reserve is the first and most important step in Texas Eastern's plan to acquire additional gas reserves to supply the existing needs of its customers.

Secondly, but equally as important, the prices being offered and paid for gas in the South Coast Area of Texas are now approaching the prices being paid in South Louisiana despite the fact that South Louisiana gas is nearer to the market area and thus more valuable to the pipelines.

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For example, in Docket No. G-9960, the Commission authorized Coastal Transmission Company to construct a pipeline along the same area traversed by Texas Eastern's South Texas pipeline and to purchase gas in competition with Texas Eastern under a price schedule containing initial prices ranging from 16 cents to 17 cents per Mcf in Texas Railroad Commission District No. 4 and from 17½ cents to 18 cents per Mcf in Texas Railroad Commission District No. 3.

The certificate issued in this same docket also had the effect of permitting two Florida power companies to purchase gas in South Texas on a non-jurisdictional basis at an initial price of 16½ cents per Mcf with an adjustment for fluctuations in the price of Bunker C. fuel oil.

On the basis of the October prices of Bunker C fuel oil, this adjustment would bring the South Texas gas producer a price of 22.6331 cents per Mcf. Further Consolidated Edison Natural Gas Company is offering to purchase gas in

Duval and Bee Counties, Texas, at a starting price of 19¼ cents per Mcf on a non-jurisdictional basis, which gas is to be transported to New York for Consolidated Edison by Transcontinental Gas Pipeline Corporation. Long Island Lighting Company is also attempting to purchase gas in South Texas on a non-jurisdictional basis for transportation by Transcontinental.

In addition to these proposed non-jurisdictional purchases by out of state utilities and gas distributing companies,

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the local Texas utilities and industries are also offering and paying prices for gas in South Texas considerably in excess of those currently being paid by Texas Eastern in the areas adjacent to its Gulf Coast and South Texas pipelines.

In this connection, the Celanese Corporation, which has a Celanese plant in Nueces County, Texas, recently purchased from Pan American Petroleum Corporation the gas from four fields in Hidalgo County, Texas, having an estimated recoverable reserve in excess of 400 billion cubic feet of gas for an initial price of 16 cents per Mcf for a two-year period with an increase of one cent per Mcf after the expiration of such two-year period and every three years thereafter. Texas Eastern had tried diligently to purchase this gas but was unable to meet either the prices or the non-jurisdictional sales basis offered by Celanese Corporation.

The Central Power and Light Company of Corpus Christi, Texas, has also recently acquired reserves located in Hidalgo County, Texas, in competition with Texas Eastern under contracts providing for a starting price of 18 cents per Mcf and is in the market for additional supplies of gas for their expanding power plants in both Hidalgo and Nueces Counties.

Another instance of a considerable volume of gas going to the intrastate market in Texas was the very recent sale of a large volume of gas in Atascosa County, Texas. About four years ago there was a renewed wildcat activity in the so-called

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Wilcox Trend Area for the purpose of exploring the possible producing horizons known to exist below the base of all the Wilcox sands.

The chief objective of this exploration was the Edwards Lime, which was known to produce oil and gas in other areas on a trend or strike with the Wilcox Trend, and in some instances West of the Wilcox Areas.

As a result of these activities, there has been developed through Atascosa, McMullen and La Salle Counties several gas discoveries in the Edwards Lime producing horizon. The better producing portion of this area now is in and around the Fashing area in Atascosa and Karnes Counties, Texas, and there was developed in this area some four to five hundred billion cubic feet of gas.

This gas was sufficiently close to Texas Eastern's system that we made a determined effort to purchase it. However, the gas was sold by the producers, Lone Star Producing Company and Gulf Oil, on an intrastate basis at a starting price of 15 cents per Mcf, with this price increasing one-half cents per Mcf per year for the first ten years, and then a renegotiated new price taking into account gas prices in the area at that time, and the renegotiated price to continue for the second ten years.

After considering the upward trend of gas prices in the South Texas Area, the large intrastate market in area, and the

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competitive situation, Texas Eastern's management approved my recommendation that Texas Eastern should



attempt to acquire a portion of the South Louisiana gas reserves.

Prior to this decision, I had at all times followed and kept current with the development of the gas reserves of the South Louisiana area, particularly the large reserves which were readily accessible to Texas Eastern's system, and with the prices being paid by its competitors in the area.

These are attached hereto, as an appendix to my testimony, schedules showing the prices currently being paid and offered for gas in South Louisiana. These schedules show the purchaser of the gas, the Federal Power Commission Dockets in which the prices have been approved and where possible, the starting date of these existing price schedules.

I have also shown the five-year averages of the prices and the 20-year average of such prices. There is included in this schedule a comparable schedule for the price Texas Eastern has agreed to pay for the Rayne gas.

Of the three large reserves that could have been easily reached from Texas Eastern's South Louisiana line, the Rayne field, in Acadia Parish, was the only one that remained uncommitted at the time Texas Eastern actively entered the market in South Louisiana.

The other two reserves had been bought by Texas Eastern's competitors who were paying prices in excess of Texas Eastern's

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price. Inasmuch as the Rayne Field was only approximately 19 miles from Texas Eastern's South Louisiana line and the recoverable reserve, which exceeds 750 billion cubic feet of gas, was one of the larger uncommitted reserves in the South Louisiana area, Texas Eastern's management authorized me to exert every effort to acquire this reserve. We were convinced that in order to acquire a reserve of such large magnitude, we would have to offer a price com-

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payable to or better than the prices then being paid and offered by our competitors.

We were equally convinced that unless we entered the South Louisiana gas market promptly, we would lose all opportunity to obtain for our customers a share of the prolific reserves in this area because our competitors are continually expanding their gathering systems in the area and are thus in a much more favorable position to offer producers both the higher prices as well as prompt delivery connections.

At the time we commenced negotiations for the Rayne Field gas, we were confronted with the fact that most of our competitors were paying and offering prices in excess of 20 cents per Mcf for gas in South Louisiana.

In many instances, such prices were and are being paid and offered for gas reserves of smaller magnitude, located in more remote, inaccessible areas of South Louisiana.

Further, in Dockets Nos. G-9262 and G-9960, the Federal Power Commission had issued an order whereby two Florida power

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companies were permitted to purchase gas in two fields, Chocahoula and Bayou Mystic in La Fourche and St. Martin Parishes, South Louisiana, on a non-jurisdictional basis at an initial price of 20½ cents per Mcf with an adjustment for fluctuation in the price of Bunker C. fuel oil, which on the basis of the October prices of Bunker C fuel oil, brings the price of 26.6732 cents per Mcf.

In my opinion, in view of the magnitude of the gas reserve dedicated by the sellers, the close proximity of the Rayne Field to Texas Eastern's existing system, the prices being paid and offered by Texas Eastern's competitors and the general shortage of gas available to meet the ever increasing demands of the gas consumers, the price at which we succeeded in purchasing the Rayne Field reserve is

certainly not more than a reasonable market price for the quantities of gas involved in this purchase.

Moreover, such price was arrived at by arm's length bargaining and in aggressive competition with almost every other pipeline company purchasing gas in South Louisiana.

Based upon my many years of experience in the oil and gas business and my knowledge of existing contracts for the purchase of gas in South Louisiana, as well as negotiations for the purchase of gas in that area, I am of the firm opinion that the price provided for in the Rayne Field contracts is the lower price at which this gas could have been purchased under the circumstances and conditions existing at the time

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the contracts were negotiated.

I am of the further opinion that it would be extremely difficult to purchase this gas reserve today at the prices provided for in the Rayne Field contracts. For example, there is presently being paid and there has been agreed to be paid for future supplies of gas on an intrastate basis in South Louisiana, a starting price of 22½ cents per Mcf plus reimbursement of all the existing Louisiana taxes.

This price becomes 25 cents per Mcf in 1962, and at the end of the first ten years of deliveries, the seller has the right of a price redetermination based on the average of the two highest prices then being paid for gas in South Louisiana.

It is, of course, fundamental that gas can be purchased for intrastate use at a lesser price than for interstate transportation and resale because a seller in intrastate commerce is relieved of the uncertainty as to the price which he will receive for his gas as well as the expense of regulatory proceedings necessarily involved in an interstate sale.

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It is my further opinion, based on the tremendous demand for additional supplies of natural gas, particularly over the past three years, that the pressure of the demand for such additional supplies of natural gas has increased, the price in spite of the pressure of the regulation to reduce the price.

The effect of the purchase of the Rayne Field gas at the

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price provided for in the contracts will in and of itself have only a minor effect upon Texas Eastern's overall average cost of system gas. In no instance will the average system cost of purchased gas be increased by as much as one-half cents per Mcf. This calculation is based on several different approaches in estimating the average cost of purchased gas by using Texas Eastern's so-called main line purchase contracts at both minimum and maximum load factors and by computing costs of gas at existing rates, as well as at the rates which our pipeline suppliers are now collecting and will collect subject to refund.

In reaching the decision to purchase the Rayne Field gas, Texas Eastern gave full consideration to the possible impact of the purchase upon existing Gas Purchase Contracts containing favored nation clauses.

In this connection, Texas Eastern was advised by its attorneys that certain of the favored nation clauses in its pre-existing contracts are subject to an interpretation which would grant the sellers the right to receive the prices provided for in the Rayne Field contracts but that the question is not entirely free from doubt and is one which can only be resolved by the Federal Power Commission in proceedings instituted by the sellers.

Texas Eastern was further advised that even if such questions should be resolved by the Commission in favor of the

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sellers, nevertheless under existing laws as well as proposed legislation, the sellers would not be entitled to receive a price increase unless and until the same is established to be a fair and reasonable price.

Acting upon this advice and my recommendations, Texas Eastern reached the decision that the advantages to be gained by acquiring the Rayne Field reserves far outweighed any possible exposure to price increases under favored nation clauses in existing contracts.

In this connection, the purchase of gas in other areas accessible to Texas Eastern's system at prices competitive with the higher prices being offered by competing purchasers would result in a like or even greater favored nation exposure.

In my opinion, Texas Eastern cannot afford to foreclose itself and its customers from future gas supplies simply because the price of gas has reached the point where additional purchases might bring about a situation whereby some of Texas Eastern's existing gas suppliers may be entitled to request and obtain a price increase which cannot exceed what the Federal Power Commission determines is a fair and reasonable price for the gas.

The addition of the Rayne Field reserve to Texas Eastern's system will greatly assist in meeting a critical need of its customers for additional gas supplies. In view of the large magnitude of this reserve, its strategic location and its close

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proximity to Texas Eastern's system, and the highly competitive conditions which exist in the gas market today, I am convinced that Texas Eastern would not be able to supply its customers with comparable volumes of gas from other sources at a cost less than the cost which will be incurred in delivering the Rayne Field gas.



(125)

Mr. Cox: Mr. Examiner, it appears that on page 6, the first line, the company named Consolidated Edison Natural Gas Company, I believe the reference is probably to the New York utility which has the name of Consolidated Edison Company of New York, Inc.

Presiding Examiner: Yes. I wonder if that is in error there.

Mr. Head: Yes, your Honor, I believe that is in error.

We would ask permission that that be changed to reflect the true name.

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Presiding Examiner: That the words "natural gas" be struck and comma "Inc." be added after "company" in the first line at page 6. That is an additional change which the reporter will make in transcribing the testimony.

Mr. Head: Yes, your Honor, we request that that be done.

Presiding Examiner: It will be so done by the reporter. Thank you.

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Mills Cox

was recalled as a witness and, having been previously duly sworn, was examined and testified further as follows:

Presiding Examiner: All right. I believe you were starting to question yesterday afternoon.

Mr. Kirby: Yes. Thank you, Mr. Examiner.

Presiding Examiner: Proceed.

Cross Examination (Resumed)

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By Mr. Kirby:

Q. Now, Mr. Cox, as Mr. Head has pointed out, on page 156 of the transcript yesterday, he stated that there were actually 32 contracts that would possibly be triggered. Now



are the 18 contracts that you spoke about yesterday, are they included in those 32 or are they in addition to the 32?

A. The 18 contracts are included in the total of 32.

Q. The nine million dollars—nine million one—applies to the first 18, is that correct? A. The nine million dollars applies to the total of 32.

Q. Thirty-two? A. Yes, sir.

Q. Well, on page 151, Mr. Mills, you definitely stated that six of the contracts were directly affected and then twelve would be affected by the first six, and you said the total daily volume covered by those 18 contracts was 350 million feet per day. Is that increase— A. Let me correct that. I should have stated 32 contracts instead of 18, and there are 18 that would be directly affected and the other 14 would be indirectly affected. But the total volume is the 315 million.

Q. Three hundred and fifteen or 350 million feet? A. Three hundred and fifteen.

Q. You had 50 yesterday. It should be 315? A. No, I said 315 yesterday.

Q. Oh, I see. The transcript has 350. A. Three hundred and fifteen million, but the change in the contract does not affect the maximum dollar expenditure which

I stated yesterday.

Q. With regard then to the 32 contracts, you have explained to us the districts and parishes involved, and I would just like to ask you in what district the Provident City Field is located. A. I would like to add to the Texas Railroad Commission districts a portion of Texas Railroad Commission District 2. That is in which the Provident City Field is located.

Q. Now I would like to ask you, Mr. Cox, in what district

in Texas the Waskon Field is located? A. Texas Railroad Commission District 6.

Q. None of these 32 contracts then would trigger any contract in District 4 of Texas, am I right on that? A. None on District 4. It would not affect them.

Q. Now in addition to the 32 contracts which we have just spoken about, Mr. Cox, isn't it true that a lot more of Texas Eastern contracts have escalation clauses of some sort? A. They have both the annual fixed escalation and some of them have the price redetermination provisions.

Q. And do they have, or are there others than the 32 which have favored nations clauses? A. There are, yes, sir.

Q. These favored nations clauses are what I would call diverse in the sense that they are not all alike in all your contracts.

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A. They are not all exactly similar. The terms and conditions or the substance of them are comparable but not exactly similar.

Q. And that is the reason, I take it, that some of them would be triggered by some of the system-wide contracts and others would not? A. That is correct, yes.

Q. Is it a fair statement to say that these favored nations escalation clauses are somewhat complicated and that reasonable men might differ as to their interpretation? A. Well, I wouldn't attempt to give a complete interpretation to all of them, and I think that would be a matter that would take considerable legal interpretation and study to make the correct analysis of them.

Q. Well, are there any other contracts of Texas Eastern then—for example, in District 6—other than that would be included in the 32 which have favored nation escalation clauses in them? A. There are other contracts in Texas Railroad Commission District 6 that have favored nations provisions.

Q. And would that answer also be true for, say, Districts 3 and 2 and the Louisiana parishes you mentioned? A. It would be true in the Texas Railroad Commission districts, and I believe it would be true in the parishes in Northwest Louisiana, although some of those contracts in

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Northwest Louisiana, the favored nations provision is tied to Texas Railroad Commission District 6.

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**Redirect Examination**

By Mr. Head:

Q. Mr. Cox, you mentioned the Old Ocean Field as being adjacent to Texas Eastern system. Is the gas in the Old Ocean Field currently being offered for sale by the owners of that gas? A. It is not.

Q. What are they doing with that gas? A. The gas that would be available for sale is now being cycled for a liquid recovery program.

Q. Thank you, that is all I have.

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**Opening Statement**

**On Behalf of Public Service Commission  
of the State of New York**

**by**

**Lawrence M. DeVore**

1278

In this case where the producers are not required to obtain Commission approval of their sale of gas leases, the Commission cannot rely upon a subsequent Section 5 proceeding to provide the opportunity for a review of the pro-

ducers' costs relative to their gas leases and thereby protect the consuming public from excessive gas costs.

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**Opening Statement**

**On Behalf of Public Service Electric and Gas Company**

**by**

**Edward S. Kirby**

Mr. Kirby: Mr. Examiner, as Mr. Deakins has stated, on October 15, 1958, we sent a letter in to the Commission and stated we had no objection to the change in their application. The only thing that we did was we asked to reserve our right to examine into the reasonableness of the cost of the gas. That is all.

Presiding Examiner: All right. So, you do expect to have some questions on that as to the negotiations which took place, is that it?

Mr. Kirby: Pardon?

Presiding Examiner: You expect to have some questions in regard to negotiations which took place?

I am trying to find out how much cross-examination of the witnesses we can expect.

Mr. Kirby: Well, I will certainly try and limit my questions to a minimum, Your Honor.

Presiding Examiner: All right.

Brooklyn Union Gas Company, Mr. Hill?

Mr. Hill: Brooklyn Union Gas Company does not desire to

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make a statement at this time.

Presiding Examiner: No statement. You are not taking any position at this time?

Mr. Hill: Not at this time.

Presiding Examiner: All right.

Nobody has appeared yet in behalf of Equitable Gas Company, I believe.

(No response.)

Mr. Miller.

**Opening Statement**

**On Behalf of Philadelphia Electric Company**

**by**

**Samuel G. Miller**

Mr. Miller: Mr. Examiner, under date of October 3, 1958, we wrote the Commission and stated our position with regard to reopening and amendment. We said we did not protest or oppose the reopening or amendment, but the final sentence of that letter reads as follows:

"The contemplated purchases of gas in place by Texas Eastern Transmission Corporation are not now before the Commission for approval but Philadelphia Electric Company reserves all rights to participate in any future proceedings involving the purchases and to oppose any rates based partly or entirely on the purchase arrangements."

I do not contemplate that we will have extended cross-

**1284**

examination in this proceeding, but I would like to reserve the right to ask such questions as may appear necessary.

Presiding Examiner: I see.

Thank you.

Mr. Flaningam.

Mr. Flaningam: Your Honor, we have no statement or position to state at this time. It would appear from our understanding of what Texas Eastern has done and is now proposing that they have certainly made substantial progress in the right direction and we are very pleased to see

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that, but we would like to reserve until later any definitive statement of our position.

Presiding Examiner: In other words, you are not prepared to give a pat on the back yet, until they have accomplished everything?

Mr. Deakins: Well, I thought that was one.

Mr. Flaningam: Mr. Deakins thought I had patted him on the back.

Presiding Examiner: All right.

Mr. Flaningam: I think it must be said it amounted to that because it seemed to me that they made a substantial step in the direction we like to see and I think most customers like to see, but we are reserving until later any definitive statement. I don't expect we will have many questions in this proceeding.

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Presiding Examiner: All right.

Mr. Mann.

**Opening Statement**

**On Behalf of United Gas Improvement Company**

**by**

**J. David Mann**

Mr. Mann: Mr. Examiner, the position of the United Gas Improvement Company is essentially that expressed by Mr. Miller as being the position of the Philadelphia Electric Company, and perhaps it is best stated in a letter which Philadelphia Gas Works sent to Mr. Kane, vice president of Texas Eastern, under date of October 1, 1958.

If I may, I will simply read a pertinent portion of that letter:

"Because we view your most recent proposal as reflected in the petition and first supplement as a con-



structive step forward in the light of existing circumstances, we will express no objection before the Federal Power Commission to the certification of your project as now proposed. You will recognize, of course, that we cannot now determine the precise way in which the cost of this proposal may ultimately be reflected in your overall cost of service. For this reason, we reserve our full rights to participate in any rate proceedings which may come before the Commission and to take such position with respect to any increases in your overall cost of service which might result from additional

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cost to be incurred hereby as may seem appropriate."

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Stewart P. Osborn

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The Witness: I am Stewart P. Osborn, a resident of Shreveport, Louisiana, and am employed by Texas Eastern Transmission Corporation as Comptroller. I have testified previously in this docket.

This Exhibit M-10 was prepared by me and by others who are under my supervision and direction.

Exhibit M-10

Pages 1 and 2 of this exhibit show the proposed accounting for the initial cash payment of \$12,420,500 and the amortization of this amount based upon the withdrawals of the net working interest reserves (783,498,800 M.C.F.).

Page 2 also shows the proposed accounting related to the payments of the non-interest bearing notes (\$121,420,500 in total) and the amortization of these notes as gas is taken from the Rayne Field.

A tabulation, page 3 of this exhibit, shows the "Ownership in Rayne Field", the "Cost to Texas Eastern", and the "Method of Payment" for the working interest.

Of the total 990,000,000 M.C.F., Continental Oil Company, Sun Oil Company, General Crude Oil Company, and M. H. Marr own 783,498,800, M.C.F. and royalty and minority interest own 206,501,200 M.C.F. Texas Eastern will pay \$134,395,700 for the 783,498,800 M.C.F. representing the working interest portion of the leases and \$46,669,300 for the 206,501,200 M.C.F.

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representing the royalty and minority interest portion of the leases. The average total cost of the gas produced will be approximately 18.29¢ per M.C.F.

Texas Eastern will pay the \$134,395,700 as follows: \$12,420,500 initial cash payment and \$121,975,200 in notes over a period of about 16 years. The \$46,669,300 for royalty and minority interest gas will be paid as the gas is taken from Rayne Field.

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E. A. Olsen, Jr.

## 1345

The Witness: My name is E. A. Olsen, Jr. I have previously testified in Docket No. G-12446 which pertains to an estimation of the gas reserves and the availability of those reserves in the Rayne Field, Acadia Parish, Louisiana as of January 1, 1957. The firm of DeGoyler and McNaughton was commissioned by Texas Eastern Transmission Corporation to re-estimate the gas reserve in the Rayne Field, Acadia Parish, Louisiana as of January 1, 1959.

The Rayne Field is located approximately 55 miles east of the city of Lake Charles in Acadia Parish, Louisiana.

This field was discovered in 1953. From the time of discovery I have kept abreast with development to date.

Since the preparation of our last exhibit for Docket No. G-12446 as of January 1, 1957, several additional wells have been drilled in the Rayne Field. As a result of this additional development production has been established in one new reservoir, and a considerable degree of additional control was made available for the reservoirs that had been previously proved. These data have substantially increased the estimated gas reserve in this field as shown on Page 2 of Exhibit No. 13.

The reserves of this field were re-estimated by first constructing structural and isopachous maps on each proved reservoir.

## 2

This was accomplished through the use of electric and micro-logs.

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Considerable coring was done in the field and from this information, the average porosity and interstitial water percentages and permeabilities were determined for each reservoir. Reservoir pressures in this field are abnormally high, however, this is a common characteristic for fields of this type in this area, and as a result it is expected that these fields generally will be produced by pressure depletion. Assuming this field will be depleted through pressure depletion, I have arrived at a recoverable reserve by estimating a reasonable abandonment pressure.

The total proved salable gas reserves of the Rayne Field as of January 1, 1959 are estimated to be 1,021,221 million cubic feet of gas of which 988,771 million cubic feet of gas are conveyed to Texas Eastern Transmission Corporation. These figures are based on a pressure of 14.73 pounds per

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square inch absolute and a temperature of 60 degrees Fahrenheit. Details of these reserves by reservoirs are on Page 2 of Exhibit No. 13.

Pages 3 and 4 include maps showing the estimated productive limits of each proved reservoir.

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(The document referred to, heretofore marked for identification as exhibit M-13 was received in evidence.)

**1348**

**John C. Jacobs**

**1350**

The Witness: My name is John C. Jacobs and I reside in Houston, Texas. I am Vice President of Texas Eastern Transmission Corporation in charge of its gas supply.

My testimony will deal with the arrangements which have been made by Texas Eastern for the purchase of the oil and gas leases presently owned by Continental Oil Company, Sun Oil Company, General Crude Oil Company, and M. H. Marr in the Rayne Field, Acadia Parish, Louisiana. These oil and gas leases cover approximately 95% of the working interest in the presently proved Rayne Field gas reserve. Through acquisition of such leases, Texas Eastern will be able to control 100% of this major gas reserve which is presently estimated to contain 990 billion cubic feet of economically recoverable pipeline gas reserves.

At the initial hearing in this proceeding, Texas Eastern offered evidence of its proposed purchase of gas from the Rayne Field pursuant to gas purchase contracts between Texas Eastern, as Buyer,

and General Crude Oil Company, M. H. Marr, Sun Oil Company, and Continental Oil Company, as Sellers, which were received in evidence as Hearing Exhibit No. 3, Sections C, D, E, and F, respectively. Subsequent to the issuance of the Examiner's decision on April 15, 1958, Sun Oil Company, General Crude Oil Company, and M. H. Marr each served notice of cancellation of its gas purchase contract with Texas Eastern. These gas

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purchase contracts covered approximately 45% of the total Rayne Field gas reserves.

Texas Eastern has carried on lengthy negotiations for the purchase of the oil and gas leases covered by the aforementioned terminated gas purchase contracts as well as for the purchase of the oil and gas leases owned by Continental Oil Company in the Rayne Field and dedicated to the gas purchase contract between Texas Eastern and Continental Oil Company which is still in existence. These negotiations have been concluded satisfactorily and Texas Eastern has acquired the right to purchase all of the oil and gas leases and related rights and production equipment owned by Continental Oil Company, Sun Oil Company, General Crude Oil Company, and M. H. Marr in the Rayne Field, Acadia Parish, Louisiana. Briefly, the basic terms and provisions of the agreements whereby Texas Eastern has acquired such right of purchase may be described as follows:

Continental Oil Company, Sun Oil Company, General Crude Oil Company, and M. H. Marr (hereinafter referred to collectively as "Con-

tinental, et al"), entered into a Lease Sale Agreement with Louisiana Gas Corporation, a Delaware Corporation not



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affiliated with Texas Eastern, whereby Continental, et al, have agreed to sell to Louisiana Gas Corporation their oil and gas leases in the Rayne Field, Acadia Parish, Louisiana, together with all

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gas wells and related lease equipment, both subsurface and surface, located on such leases. In the conveyance to Louisiana Gas, Continental, et al, will reserve all leasehold rights as to oil and all rights below the Nodosaria "A" Sand, which is the deepest known producing sand in the field. In addition, Continental, et al, will reserve a production payment payable monthly out of separator liquids and natural gas liquids after Louisiana Gas has recovered its costs of producing and operating the oil and gas leases, field gathering lines, and field separation facilities. Such production payment will continue until the gas produced and saved attributable to working interest equals 613,406,770 MCF measured after condensate is removed or until the economically recoverable gas reserves attributable to the working interest have been depleted to 30,000,000 MCF of gas.

The Lease Sale Agreement provides that Louisiana Gas will pay Continental, et al, for the conveyance of the leases and related equipment a total consideration of \$134,395,700, payable \$12,420,500 in cash at the time of closing and the balance of \$121,975,200 payable in installments over a period of sixteen (16) years. The Lease Sale Agreement provides that Louisiana Gas will give Continental, et al, its

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promissory notes to evidence the installment payments, which notes will be secured by a mortgage on the leases and related

**1353**

properties.

Louisiana Gas, in turn, has entered into a Lease Purchase Agreement with Texas Eastern whereby Texas Eastern

has the right to acquire all of the oil and gas leases and related properties which Louisiana Gas may acquire from Continental, et al, for a cash consideration of \$12,420,500. The conveyance of such properties from Louisiana Gas to Texas Eastern will be subject to the promissory notes and mortgage given by Louisiana Gas to Continental, et al, but Texas Eastern will not assume or agree to pay the same.

The closing of the sale from Continental, et al, to Louisiana and in turn the sale from Louisiana Gas to Texas Eastern is subject to the satisfaction of the following conditions:

(1) The Buyers' attorneys must approve title to the oil and gas leases to be transferred.

(2) Continental, et al, must secure rulings in writing from the Internal Revenue Service to the effect that the sale of the oil and gas leases will be considered a capital gain under the provisions of Section 1231 of the Internal Revenue Code of 1954. This condition has also been met as is evidenced by the letters from Continental, et al, attached to Texas Eastern's Fourth Supplement to the Petition to Reopen the Hearing and to Amend the Application for a Certificate in this Docket No. G-12446.

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(3) Continental, et al, must obtain orders of dismissal or file unconditional notices to dismiss or notices of withdrawal of their applications for certificates of public convenience and necessity in FPC Docket Nos. G-12432, G-12885, G-12913 and G-12931. The applications in such dockets cover the proposed sale of gas to Texas Eastern pursuant to the gas purchase contracts mentioned above. Notices of withdrawal of their applications for certificates have been filed by M. H. Marr in Docket No. G-12885, General Crude Oil Company in Docket No. G-12931, and Sun Oil Company in Docket No. G-12913, and we are advised

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that the Commission has already granted permission for withdrawal of such applications. In addition, Continental Oil Company has filed a Conditional Notice of Withdrawal of its Application in Docket No. G-12432 conditioned upon the granting to Texas Eastern of a certificate pursuant to its Motion to Reopen and to Amend.

(4) Certificates of Public Convenience and Necessity must be obtained from the Commission authorizing the construction and operation of such facilities as are necessary to enable Louisiana Gas (or its assignee Texas Eastern) to construct and operate such facilities as are necessary to enable the taking of gas from the Rayne Field and the transportation thereof to the market area. If the certificate requested by Texas Eastern in this proceeding is granted, such certificate will

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satisfy this remaining condition and thus enable the parties to close the trade.

Based upon our present estimates that the recoverable gas re-

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serves in the Rayne Field are equal to 990,000,000 MCF of gas, we have calculated that the average cost of the Rayne Field gas per MCF to Texas Eastern will be 18.29¢. This average cost of gas was computed as follows:

The ownership of Continental, et al, in the working interest of the Rayne Field is 79.14129% or 783,498,000 MCF. The royalty and minority interests own 20.85871% of the total interest in the field or 206,501,200 MCF, expressed at 15.025 psia. The cost to Texas Eastern of the working interest gas is 17.15¢ per MCF which was determined by dividing the purchase price of \$134,395,700 by 783,498,800 MCF, which is the working interest share of the gas to be produced from the Rayne Field. The maximum price to be

paid for the royalty and minority interest gas is assumed to be 22.6¢ per MCF, which, when multiplied by 206,501,200 MCF or the royalty and minority interest share in the Rayne Field gas, results in a cost of \$46,669,300. An average of the two costs is 18.29¢ per MCF.

When the average cost of 18.29¢ per MCF (exclusive of return and related taxes) is compared with the average cost of 26.6¢ which would have resulted under the gas purchase contracts

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introduced in evidence at the initial hearing, it is obvious that a considerable saving will be effected and when that saving is considered over the twenty year period it can readily be observed that the consummation of this arrange-

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ment has many advantages over that presented in the earlier phase of these proceedings.

During the original hearing in these dockets testimony was offered to show that the Rayne Field gas purchase contracts could cause possible increased costs of gas to Texas Eastern by the triggering of favored nation clauses in certain of its existing gas purchase contracts and that this triggering effect could increase the cost of gas purchased under other Texas Eastern contracts by from \$3,500,000 to as much as \$10,000,000 annually. Indeed, claims were made by some that the cost of gas to Texas Eastern would be increased even more than \$10,000,000 per year by this triggering effect. Texas Eastern's purchase of the oil and gas leases covering the Rayne Field will eliminate the Rayne gas purchase contracts, and thus completely eliminate any possible triggering of favored nation clauses in the Company's other gas purchase contracts.

In addition, the Rayne Field gas purchase contracts provided for automatic escalations of 4 mills per MCF per year

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which would have brought the average cost of the Rayne Field gas to Texas Eastern to 26.6¢ per MCF over the full term of the contracts.

**1357**

Such contracts also contained provisions for price redeterminations prior to the beginning of each of the five year periods commencing on November 1, 1967, and November 1, 1972. Although it is impossible to predict what increases would have been brought about by such price redeterminations, there, of course, was always the possibility that the increases would be substantial. By purchasing the

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oil and gas leases Texas Eastern has completely eliminated the possibility of any future prices increases.

Apprehension as to the effect of the purchase of the gas at prices approximating the original contract price (23.9¢) upon gas purchase contracts between producers and other pipeline companies was also expressed by certain of the intervenors in the original hearing. Obviously, the purchase by Texas Eastern of the oil and gas leases of Continental, et al, for a fixed consideration will not have any effect whatsoever on existing or future gas purchase contracts of either Texas Eastern or other pipeline companies.

From a knowledge of the escalation provisions in gas purchase contracts generally it is my opinion that the acquisition by Texas Eastern of the Rayne Field gas leases in the manner now proposed will not have any deleterious effect upon any contracts or the price of gas generally. Moreover, the average cost of the Rayne Field gas to Texas Eastern under the proposed

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lease purchase will be far below the going price now being paid under gas purchase contracts for gas located in the same general area.



Our computations show that there will be a saving of approximately 8.31¢ per MCF at the average purchase cost of 18.29¢ per MCF to Texas Eastern under the lease purchase arrangement when compared with the average cost of 26.6¢ per MCF under the gas purchase contracts. Texas Eastern will also realize additional savings through increased flexibility

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of operations resulting from the ownership of the leases.

I have advised Mr. Warren Carr, a witness in these reopened proceedings, that in my judgment the maximum cost of royalty interest and other minority interest gas will not exceed 22.6¢ per MCF for the entire period of production. It was decided that this maximum price of 22.6¢ per MCF should be used in Mr. Carr's computations although there is a possibility that it will be less, depending upon what price can be negotiated. The cost of minority interest gas remains to be negotiated but will probably be the same (17.15¢) as above shown for the principal sellers under the Lease Sale Agreement.

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By MR. DEAKINS:

Q. Mr. Jacobs, are you familiar with the acquisition of the leases in the Rayne Field? If so, state by what means you became familiar with them, with that transition? A. I am familiar with the acquisition of the leases in the Rayne Field, Louisiana, and I became familiar with such acquisition through taking an active part in the negotiations that led to the acquisition.

Q. Now, are you familiar with the fact that there are certain minority interest owners in the Rayne Field? And when I refer to minority interest owners, I am talking about working interest owners who are distinguished from Continental Oil Company, Sun Oil Company, M. H. Marr, and

(1359)

the General Crude Oil Company. Are you familiar with the fact that there are certain people? A. I am familiar with that fact.

Q. Do you know approximately what percentage of the working interest is represented by those other minority interest owners? A. Between four and five per cent of the total working interest.

Q. Do those minority interest owners consist of a lot of people, or a few people, or just small interests? A. This minority interest is owned by several people.

Q. Now, do you know whether or not prior to the

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arrangements which are now—now have been made, whether there were outstanding any contracts between these minority interest owners and Texas Eastern? A. There were such contracts outstanding.

Q. What is the status of those contracts at the present time? A. Those contracts have been terminated.

Q. In your testimony you referred to the acquisition of the gas which is presently controlled by the working interest lease owners at a price of about 22.6 cents per Mcf. Is that gas of these minority interest owners included in that assumed price? A. It is.

Q. And why was that price assumed? A. Well, that price has been assumed from the standpoint of presenting a conservative picture at this hearing of the cost of gas to Texas Eastern.

Q. That is the cost of minority interest gas? A. That is right.

Q. Now, is that same price assumed with reference to the acquisition of the interest of the royalty owners? A. The same price has been assumed in regard to the royalty owner gas.

Q. Now, do you have any way of knowing whether or not that will be the price—the relative cost of that gas to

1361

Texas Eastern? A. I am of the opinion that that is the most that that gas could cost to Texas Eastern. I am also of the opinion that in connection with the minority working interest gas, there is every possibility that the price will be less than that.

Q. Well, now, have you negotiated looking towards the acquisition of the leases owned by the minority interest which you have just discussed? A. Yes, such negotiations have been opened.

Q. What is the status of those negotiations now? A. The status of those is that the minority working interest have indicated to us that they are interested in selling their leased interest to Texas Eastern under an arrangement similar to that which has been concluded with the other working interest owners at the Rayne Field.

Q. I take it from your testimony that those arrangements have not been concluded. A. They are not concluded as of today, but we expect to conclude them very shortly.

Q. I believe you testified that you couldn't say what those leases would cost you, at this time? A. That is correct.

Presiding Examiner: Then you are not standing on this 17.15 cents estimate that you put on the last page of your

1362

prepared testimony, is that correct?

Mr. Deakins: Mr. Examiner, that refers to that which has already been acquired—the leases already acquired. This 22.6 is the price that refers to the minority interest owners, and the royalty interest. But the 18.29 is the average.

Presiding Examiner: Does the 17.15—the cost of minority interest gas remains to be negotiated—will probably be the same as above shown for the principal sellers under the lease sale agreement?

(1362)

Mr. Deakins: Well, I asked the witness if he could be certain of what that price would be, and he said no. Here he says probably.

Presiding Examiner: All right. I just wanted to make sure there was a modification of this statement in the last paragraph.

The Witness: Mr. Examiner, if I may—it is not a modification of the statement in the last paragraph. What I have said here is that—this is in all the testimony—that the gas that has been contracted—the leases that have been purchased in the calculations in my testimony here represent a cost of gas to Texas Eastern of 17.15 cents per Mcf. I expect that we will be able to conclude the negotiations with the outstanding minority interest, this four or five per cent of the total working interest, at the same price. However, in order

1363

to present a conservative picture here, I have advised the people working up the other exhibits to assume a price of 22.6 cents in their exhibits.

Presiding Examiner: Thank you.

By Mr. Deakins:

Q. Incidentally, Mr. Jacobs, where did that price come from? What was that price before? That was the starting price, wasn't it, at which this gas was to be acquired under the contracts? A. The 22 6 cents was the initial price under the gas purchase contracts which have been terminated.

Q. And you just assumed that price as a conservative price? A. I took the initial price in those contracts which have been terminated to account, and also other factors in the market for gas in southern Louisiana.

. . . . .

1368

John C. Jacobs

resumed the stand testified further as follows:

Direct Examination—resumed

By Mr. Deakins:

Q. Mr. Jacobs, I believe that you stated you were familiar with Exhibit M-14 and Exhibits M-14, Exhibit I and Exhibit II. A. I am familiar with those exhibits.

Q. Now, state briefly without summarizing what Exhibit M-14 is.

Presiding Examiner: Let's get this straight. They are not.

1369

separate exhibits?

Mr. Deakins: No.

Presiding Examiner: The Exhibit Roman I and II are exhibits to the lease purchase agreement which is the exhibit?

Mr. Deakins: Yes, sir. I was going to show that. I did misstate it, I think.

Presiding Examiner: I am trying to keep the language straight here.

Mr. Deakins: Yes.

By Mr. Deakins:

Q. Briefly, what is the lease purchase agreement which has been marked as Exhibit M-14? State what it is. A. The lease purchase agreement is the document by which Texas Eastern has the right to acquire certain leasehold interests in the Rayne Field of Louisiana.

Q. Are those the leasehold interests owned by Continental Oil Company, Sun Oil Company, General Crude Oil Company and M. H. Marr? A. Those are the leasehold interests owned by the companies that you have just enumerated.



(1369)

Q. I will ask you whether or not any consideration is stated in Exhibit M-14 as consideration for the acquisition from Louisiana Gas Corporation of the leases by Texas Eastern? A. Such a consideration is stated.

Q. And how much is that?

1370

A. That consideration is \$134,395,700.

Q. Now, is there any cash consideration stated in that view? A. The total consideration which I just stated, the cash portion thereof is \$12,420,500.

Q. And that will be paid by Texas Eastern to Louisiana Gas Corporation, am I correct? A. That is correct.

Q. On what contingency? A. That—

Q. Or on what consideration. A. That amount will be paid by Texas Eastern to Louisiana Gas on closing date in consideration for the assignment of the leases to Texas Eastern by Louisiana Gas.

Q. All right.

Now, referring you to a document that is marked or is entitled "Lease Sale Agreement, Rayne Field, Acadia Parish, Louisiana," which is a part of Exhibit M-14 and has been marked Exhibit M-14, Exhibit Roman F—

Is that right, Mr. Examiner, is that the way?

Presiding Examiner: The whole document has been marked Exhibit Roman I. That includes not only the document marked "Lease Sale Agreement," but it also includes the assignment and conveyance, Rayne Field between Continental so-and-so and Louisiana Gas Corporation.

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By Mr. Deakins:

Q. Let me rephrase that question.

As part of Exhibit M-14 which is marked "Lease Sale Agreement," are you familiar with that, Mr. Jacobs? A. I

am familiar with the document marked "Lease Sale Agreement," which is Exhibit Roman I to Exhibit M-14.

Presiding Examiner: That is a part of Exhibit Roman I.

Mr. Deakins: That is right.

Presiding Examiner: Because Exhibit Roman I includes—

Mr. Deakins: An assignment and conveyance.

Presiding Examiner: An assignment and conveyance and some other—includes an assignment and conveyance, two apparently, I can't tell here. I know there is one 14-page document. Then there is another document of some 60 pages, and a third document which is called Exhibit B to the assignment and conveyance.

We have got exhibits to exhibits which is extremely confusing.

Mr. Deakins: You are right.

Presiding Examiner: I am going to ask for the sake of clarity that in the future when you tie these extra tails to exhibits you call them appendices, rather than exhibits. Give them some other name, because it is very confusing when you have several classes of exhibits, when you have a hearing exhibit and you have something else which is referred to as an

### 1372

exhibit because the witnesses keep constantly referring to them, and even in some cases counsel, as exhibits and it makes the record very hard to follow.

Mr. Deakins: We didn't put these on, Mr. Examiner.

Presiding Examiner: I know it is too late to do that. Maybe next time—

Mr. Deakins: Continental Oil people and others did that.

Presiding Examiner: You counsel were participating in negotiation, some members of your firm, probably, and they could have steered that if they had known and realized the complications involved. I am not asking you to make any

(1372)

change now, because I know it can't be done, but I am just asking that in the future you try to see if you can't find some other name than "exhibit" for these various attachments.

Mr. Deakins: Those fellows don't think we do anything up here any how, Mr. Examiner, so I don't know whether I would make much impression on them.

Presiding Examiner: Well, maybe not. Maybe you had better bring some of them up here occasionally.

By Mr. Deakins:

Q. Mr. Jacobs, I had asked you what the part of Exhibit M-14 that is entitled "Lease Sale Agreement" between Continental Oil Company and others and Louisiana Gas Corporation dated December 4, 1958, is.

What does it do?

1373

A. It is the document by means of which under certain conditions Louisiana Gas Corporation will acquire certain leases in Rayne Field, Louisiana, said leases being the same leases which in turn are to be transferred by Louisiana Gas Corporation to Texas Eastern Transmission Corporation under the document heretofore referred to entitled "Lease Purchase Agreement."

Q. All right, sir. Now, the conditions you referred to are set out under Arabic numerals 1, 2, 3 and 4 on the first page of that exhibit, are they not, Mr. Jacobs? A. That is correct.

Q. And then referring you to a part of that exhibit which is entitled "Assignment and Conveyance, Rayne Field, Acadia Parish, Louisiana, between Continental Oil Company, et al, and Louisiana Gas Corporation, Grantee," will you please state what that exhibit is? A. The assignment and conveyance is the document by which title to the certain leasehold interests in Rayne Field will be actually trans-

ferred to Louisiana Gas Corporation when the conditions set forth in the lease sale agreement have been met.

Q. And the grantors are Continental Oil Company, Sun Oil Company, M. H. Marr and General Crude Oil Company?

A. That is right.

Q. Is that right?

1374

A. That is right.

Q. Now, as the Examiner remarked a while ago, to that document, there is a document which says: "Exhibit A to Assignment and Conveyance, Rayne Field, Acadia Parish Louisiana between Continental Oil Company, et al, and Louisiana Gas Corporation as Grantee" dated, blank, 1959.

You are familiar with that document, too, are you not, Mr. Jacobs? A. I am familiar with that document too.

Q. State what that document is? A. That document is an exact description of the leasehold interest which will be transferred to Louisiana Gas Corporation when the conditions set for in the lease purchase agreement have been met.

Q. That is a list of leases, is that it? A. That is a list of leasehold interests to be transferred which in aggregate constitute approximately 95 to 96 per cent of the total working interest at Rayne Field, Louisiana.

Q. And also to the—

Presiding Examiner: Before you go into the document, I would like to ask him a question.

Mr. Deakins: All right, sir.

Presiding Examiner: Page 19 of this so-called Exhibit "A" to this document which is part of Exhibit Roman II—I notice there a lease dated June 2, 1958, but effective May 1, 1955. Is

1375

it customary to make leases retroactive in Louisiana, or do you know what—it wouldn't be a misprint or anything?

The Witness: I haven't seen it.

(1375)

**Presiding Examiner:** It is about the middle of page 19 of Exhibit "A", which is the 60 page document. I happen to notice here "Lease dated June 2, 1958, but effective May 1, 1955, between Felecia Alleman Douga, as Lessor, and Robert H. Thompkins, as Lessee."

**The Witness:** Well, Mr. Examiner, to answer your question generally, it is not a common thing, but at the same time it is not an unusual thing. The retroactive effective date usually grows out of negotiations in regard to title.

**By Mr. Deakins:**

**Q.** You mean by that if there were some flaw in the title this was a means by which that could be directed? **A.** That is right.

**Q.** You haven't examined this lease I guess that we are discussing here to determine whether that is a fact or not? **A.** I have not.

**Q.** Referring you now to what is marked Exhibit B, "Assignment and Conveyance, Rayne Field, Acadia Parish, Louisiana, between Continental Oil Company, et al, as Grantors and Louisiana Gas Corporation, as Grantee," consisting of two tables, state generally what that is. **A.** The Exhibit B to which you have referred sets forth

1376

in detail the method by which the production payment on the natural gas likewise is to be calculated at Rayne Field after the leases have been transferred to Louisiana Gas Corporation.

**Q.** Now, Mr. Jacobs, there is a part of Exhibit M-14 which is denominated "Conveyance." Will you state what that is. **A.** That part of Exhibit M-14 denominated conveyance is the legal document by which the leasehold interests at Rayne Field, after acquisition by Louisiana Gas Corporation, will be transferred to Texas Eastern Transmission Corporation.



Q. Now, has that document been executed? A. That document has not been executed.

Presiding Examiner: Nothing has been executed here except the lease sale agreement, has it?

Mr. Deakins: You meant the lease purchase agreement Mr. Examiner.

Presiding Examiner: Well we have got a lease sale agreement here which seems to have some type of signature on it which is the M-14 Exhibit I—Exhibit Roman I.

The Witness: Mr. Examiner, the only document in Exhibit M-14 which has been executed by Texas Eastern Transmission Corporation is the document entitled "Lease Purchase Agreement." As appears from the conformed copy of the lease sale agreement which is also a part of Exhibit M-14, the lease sale agreement has been executed by the proper

1377

parties to it.

Presiding Examiner: Well, that is what I thought. I wasn't asking whether it was executed. I was only referring to Exhibit Roman I and I said nothing about who had executed it, but I said that it appeared to be the only one. I believe you correctly have now answered that that is the only one of the three or four documents which make up by attachment Exhibit Roman I to Exhibit 14 which is executed by anyone.

The Witness: That is correct. The other documents are to be executed after the conditions set forth in the lease sale agreement have been satisfied.

By Mr. Deakins:

Q. Now, Mr. Jacobs, in this document entitled "Conveyance," on the second page, the testimonial paragraph concludes 1958. I will ask you whether or not that should not be 1959? A. It should be 1959.



(1377)

Q. It is a typographical error.

Mr. Jacobs, you are familiar with these documents, will you state whether or not the title by the execution of these various documents you have described, whether or not the title to the leases owned by Continental, Sun, General Crude and Marr will be conveyed to Texas Eastern ultimately if the deal is consummated and the certificate issued and the four conditions met?

Mr. Huntsman: I object to the question or answer to the

1378

question upon the grounds that no proper foundation has been laid for the answer by this witness as to what the title is. He is no expert on title, as far as we know.

Mr. Deakins: Wait a minute, Mr. Huntsman, I know better than that.

By Mr. Deakins:

Q. Mr. Jacobs, isn't it a fact that you are licensed to practice law in Texas? A. That is correct.

Q. Where did you practice, Mr. Jacobs? A. I practiced in Dallas, Texas.

Q. For how long? A. I practiced there for approximately seven years.

Q. What duties have you performed with Wilcox Trend and Texas Eastern, A. My duties with those two companies have been primarily concerned with the negotiations of contracts under which gas is acquired in different ways for the pipeline systems.

Q. Have you engaged in the practice of oil and gas law as it is known in Texas? A. I have.

Q. Are you familiar with various contracts and documents by which Texas Eastern has acquired title to gas and oil in Texas and Louisiana? A. I am.

1379

Mr. Deakins: Do you still have objections, Mr. Huntsman?

Mr. Huntsman: No, I think that clarifies it somewhat.

Presiding Examiner: That clarifies it, all right.

By Mr. Deakins:

Q. Now, Mr. Jacobs, I asked you that long involved question. I would rather not repeat it if you recollect the question.

Presiding Examiner: I think for the sake of the record, you better read it back so the rest of us will know when you answer it.

Mr. Deakins: All right, sir. Read the question back to the witness will you please, Miss Reporter?

(The record, as recorded, was read by the reporter.)

By Mr. Deakins:

Q. And the documents are executed.

Presiding Examiner: I thought that needed to be added.

That is one reason I wanted it read back. I didn't think there was anything of that in the original question.

Mr. Deakins: We don't want to leave that out.

The Witness: Upon the happening of the events set forth in your question. title on these leasehold interests would be Texas.

1380

By Mr. Deakins:

Q. And will that title be conveyed for the consideration expressed in the lease purchase agreement. A. It will so be.

Mr. Deakins: I have no further question of this witness.

. . . . .

By Mr. Deakins:

Q. Mr. Jacobs, are these documents, which make up Exhibit M-14, documents which have been prepared between Continental Oil Company, Sun Oil Company, M. H. Marr, General Crude, Louisiana Gas Corporation and Texas Eastern as the documents which will be executed for the purpose of making the arrangements which you have described in your testimony?

Mr. Huntsman: I object to it upon the grounds that no proper foundation has been laid showing that this man has the knowledge of facts of the execution of these documents by parties other than Texas Eastern.

Mr. Deakins: Mr. Examiner, this man testified that he had handled the negotiations.

Presiding Examiner: He handled the negotiations. I am permitting the exhibit tentatively. I do think that there is, perhaps, and you can't get them all in here at once as far as that is concerned, but I think there may be somewhat of a

weakness in the absence of any showing of the intent beyond what appears in the lease sale agreement on the part of the four vendors of the leases.

Mr. Deakins: Well, now, then, let me ask Mr. Jacobs another question.

By Mr. Deakins:

Q. Mr. Jacobs, in the negotiations which you carried on, did you negotiate in any part in behalf of Louisiana Gas Corporation? A. Yes, I did.

Q. And in what respect? A. In the sense that I was present at all of the meetings to the best of my knowledge at which the documents between Louisiana Gas Corporation and the present owners of these leasehold interests were developed.

Q. Are these firm obligations on the part of Texas Eastern and Louisiana Gas? A. Very definitely, yes.

Q. And do you know of your own knowledge whether those are firm obligations between Continental and the other leasehold owners and Louisiana Gas? A. Very definitely they are.

Mr. Deakins: I think that is all, Mr. Examiner.

Presiding Examiner: All right.

1387

By Mr. Deakins:

Q. Mr. Jacobs, was the Louisiana Gas Corporation formed specifically for the purpose of acquiring the gas

1388

leases from the four producers. A. If I may, let me say a little more than the answer to your question.

I am not acquainted with the corporate affairs of the Louisiana Gas Corporation.

On the otherhand, in negotiating for and arranging for the transfer of the leases at the Rayne Field from the present owners into the hands of Texas Eastern, it appeared that the best way to handle that arrangement of that transfer was through an intermediary corporation which here has been designated as Louisiana Gas Corporation.

Q. Was the Louisiana Gas Corporation set up by the four producers? A. To the best of my knowledge, it has not been set up by the four producers.

Q. Do you know who did set up the corporation? A. I do not. Again, let me come back to the point that I was making a minute ago and that is to move the leases into Texas Eastern there are advantages that grow out of passing leases into the hands of Louisiana Gas Corporation and then into the hands of Texas Eastern. One of those advantages is that Texas Eastern—and in turn is reflected in its

(1388)

own business—Texas Eastern is not liable on the outstanding obligations between Louisiana Gas Corporation and the present owners of the field.

1389

Q. Is the Louisiana Gas Corporation controlled by the four producers? A. To the best of my knowledge it is not.

Q. What will Louisiana Gas Corporation obtain as a result of its participation in the whole project? A. Well, in this particular transfer, Louisiana Gas Corporation will obtain nothing.

Q. As I understand your testimony, you said that to your knowledge the corporation is not controlled by the producers and it is not controlled by Texas Eastern and yet it exists for no benefit that can be derived by its existence? A. That is correct. To the best of my knowledge, Louisiana Gas Corporation in this particular transfer here exists for the purpose of making it possible to put these properties in Texas Eastern hands under conditions that Texas Eastern thought gave it and again in turn people that it does business with the proper protection.

Presiding Examiner: When you speak of the proper protection, you are talking about protection against liability for what?

The Witness: Mr. Examiner, there are a number of factors that are involved. I would say primarily the transfer was set up this way with the idea of what the lawyers call the catastrophic situation in mind. If the unmanageable thing were to happen and the gas weren't there to be used in

1390

Texas Eastern's requirements, with this arrangement, with no liability on these obligations, it would be possible for Texas Eastern to walk away from the property.

Presiding Examiner: Well, Texas Eastern, however, having walked away from the property would leave behind them some twelve million dollars, is that correct?

The Witness: If this catastrophe happened immediately, yes.

1391

Presiding Examiner: In other words, the remainder of the 121,975,200 might be avoided as far as Texas Eastern was concerned if for some reason or other the gas wasn't available? Is that what you mean?

The Witness: That was one of the factors that we had in mind in arranging the transfer in this manner.

• • • • •

1396

Mr. Deakins: Mr. John Guyton.

Mr. Examiner, did you admit exhibit M-14?

Presiding Examiner: I don't know whether I did. I think I did.

Mr. Deakins: I think you did.

Presiding Examiner: If not, I will.

Mr. Deakins: All right, sir. Thank you.

(The document referred to, heretofore marked for identification as Exhibit No. M-14, was received in evidence.)

Whereupon,

John T. Guyton

was called as a witness and, after being first duly sworn, was examined and testified as follows:

Direct Examination

By Mr. Deakins:

Q. State your name please, sir.

1397

A. John T. Guyton.

Q. Where do you reside, Mr. Guyton? A. Shreveport, Louisiana.



(1397)

Q. And what is your business? A. I am a lawyer.

Q. Please state your educational background insofar as it pertains to the practice of your profession. A. I was educated at Louisiana State University and received an LL.B degree in 1928 and was admitted to the bar in Louisiana in November of that year.

Since that time I have practiced law in Shreveport, having been in the legal department of the Standard Oil Company of Louisiana for approximately two years with the firm of Wilkinson, Lewis, and Wilkinson, of Shreveport.

From 1931 until 1942, after three years in the Navy, I returned to Shreveport and was employed by Union Producing Company.

Presiding Examiner: Let me ask you one question just to orient myself.

Wilkinson, Lewis, and Wilkinson—is that a group who have frequently acted as attorneys for United?

The Witness: That is correct, Mr. Examiner.

Mr. Deakins: United Gas Pipeline?

Presiding Examiner: Yes, United Gas Pipeline.

The Witness: Was employed by Union Producing Company as

1398

their general attorney for approximately two years and then returned to private practice and formed the law firm with the other partners of Hargrove, Guyton, VanHook, and Hargrove in 1948 and have continued as a member of that firm up until the present time, the firm name now being Hargrove, Guyton, and VanHook.

By Mr. Deakins:

Q. Mr. Guyton, are you the member of any legal societies?

A. I belong to the Shreveport, the Louisiana State, and the American Bar Association. At the present time I am the chairman of the mineral section of the Louisiana State Bar

Association. I belong to the mineral section of the American Bar Association.

Q. Have you specialized in any phase of the practice of law during the times since you were first admitted? A. Since I was first admitted to the bar, practically all of my practice has been in the oil and gas business.

Q. Now, Mr. Guyton, has your firm been employed to examine the leases and the titles, or both, to the Rayne Field leases? A. Yes. We have examined the leases and the titles to these Rayne Field leases.

Q. Was your firm performing that service at the request of Texas Eastern? A. That is correct.

### 1399

Q. Now, has your firm given Texas Eastern an opinion under date of February 3, 1959? A. We have.

Q. Do you have a copy of what has been marked for identification as Exhibit M-11 in your possession? A. Yes, I do.

Q. Will you state what that is, Mr. Guyton?

Mr. Huntsman: I object to it, Mr. Examiner. It is not the best evidence. It states itself what it is.

Presiding Examiner: I think the witness can repeat that.

Mr. Deakins: I want him to state what it is so it can be identified.

By Mr. Deakins:

Q. State what it is. A. It is an opinion of my law firm addressed to Texas Eastern concerning leasehold interests in the Rayne Field.

Q. I notice the signature Elmon W. Holmes, appears at the bottom. State who Mr. Holmes is. A. He is a member of our firm.

Q. Is that your firm opinion insofar as it pertains to the matters expressed therein? A. Yes, it is. Mr. Holmes discussed the opinion with me before it was written and de-

(1399)

livered. It is our firm opinion.

Q. Now, in your opinion, that is a correct opinion? A. It is correct, yes.

1400

Q. Now, Mr. Guyton, do you have in your possession what has been marked as hearing Exhibit No. 14 about which Mr. Jacobs testified? A. Yes, I have.

Q. Did you hear Mr. Jacobs testify insofar as it pertained to the portent of those agreements? A. I did.

Q. Have you examined those agreements yourself? A. Yes, I have.

Q. Tell me this, Mr. Guyton:

If the agreements are executed and the conditions met, in your opinion will the title to the leases in the Rayne Field be conveyed to Texas Eastern from the present lease owners? A. It is my opinion that title will be conveyed to Texas Eastern.

Q. And did you notice that a consideration therefore was stated in the agreement? A. Yes, I did.

Q. In the lease purchase agreement? A. That is correct.

Mr. Deakins: That is all.

You may have the witness.

Presiding Examiner: Does anyone have any preliminary questions before we recess?

Now may I inquire of counsel whether they want to take the

1401

witnesses in the order in which they previously appeared here on cross-examination?

Mr. Deakins: Mr. Examiner, it would be convenient to us if the other counsel could take Mr. Guyton and Mr. Olsen. They are not Texas Eastern employees and possibly would both like to get back.

I know Mr. Olsen is busy, and I know Mr. Guyton is usually busy. He nods he would like to get out as soon as he can.

Mr. Huntsman: I have no objection. I think that would be a proper accommodation.

Mr. Deakins: Thank you, sir.

Presiding Examiner: Which one do you want to take first?

Mr. Huntsman: I would just as leave take Mr. Guyton.

Presiding Examiner: All right.

I think we will take a 10-minute recess first before we have Mr. Guyton's cross-examination.

(At this point, 3:15 p.m., a recess was taken until 3:25 p.m.)

1402

Presiding Examiner: All right. The hearing will be in order. All right, you may proceed.

### CROSS-EXAMINATION

By Mr. Huntsman:

Q. Mr. Guyton, in your experience in the practice of law, down there in Louisiana, did it ever require you to write a title opinion upon the subject of leases? Of gas and oil leases? A. Yes, sir. I have written numerous opinions going to the title of oil and gas leases.

Q. What is an oil and gas lease? A. Well, an oil and gas lease conveys the right from the owner of the land or the owner of minerals to the lessee to go upon the property and to protect the property for oil and gas by the drilling of wells in search of oil and gas, to produce oil and gas and other minerals, if called for in the lease, reduce those minerals to possession by putting it in tanks, or liquids, in pipelines, the gas, and to own those products when produced.

(1402)

and reduced to possession, subject to the payment of such royalties as may be called for in the lease.

Q. In other words, the gas and oil lease is a contract between the land-owner and the lessee with respect to the capture and disposition of oil or gas that might be found by exploration under his land?

1403

A. Basically, that is correct.

Q. Do you have any knowledge of any change of law in the State of Louisiana in recent years? A. Yes.

Q. Regarding that? A. By recent years, however, do you want me to go back?

Q. Oh, let's go back to 1935. A. Well, I take it you have reference to the Glassell Decision, Gulf Refining Company versus Glassell, which involved the right of the lessee to assert its possession of the leased premises. And, in that particular case, the Supreme Court held that the lessee did not have that right, but had to assert a possession through the lessor. As a consequence, the legislature passed an Act, as I remember it was in 1938, in which, in effect, the legislature said that the lessee did have a right to protect his possession, and that was a real right. And that got before the Supreme Court. And the Supreme Court said, in several cases, that the effect of this legislation was procedural from the standpoint of the lessee's having the right to come into court, but that it did not change the basic character of the lessee's rights. I have in mind a suit involving a partition, in which it was contended that by reason of that legislation in 1938, that the oil and gas lessee was a proper party to enact for partition, and the court held it was not—that the gain had to rely upon the lessor. Subsequently, we have had other

1404

legislation which says that an oil and gas lessee should be made a party.

Q. When was that? A. I don't remember the exact date. It has been within the last 10 or 12 years, as I recall it.

Now, we have also had some additional changes in this sense. We had a case of Arnold versus Sun Oil Company, which was decided in the late '40's, I think.

In that case, the Supreme Court held that an oil and gas lessee was not entitled to the protection of the public registry laws of the State of Louisiana, and that the oil and gas lessee had to depend upon its lessor again. Now, here, again, we had legislation that was introduced and resulted in 1950, Special Sessions Act, I think it was Act 6. And I think it will be found in the revised statutes—I have that reference right here. In RS-91105. And there the legislature defined an oil and gas lease as being a real right, and I won't attempt to read that statute into the record, but it did determine that an oil and gas lessee was entitled to the protection of the registry laws of the State of Louisiana, and, further contained a provision in the statute, "This section shall be considered as substantive as well as procedural; so that the owners of oil, gas and other mineral leases and contracts within the purpose of this section shall have the benefit of all laws relating to the owners of real

1405

rights in immovable property or real estate."

Presiding Examiner: How are those registered—as articles of agreement?

The Witness: They are registered in the conveyance records of the parishes.

Presiding Examiner: As articles of agreement?

The Witness: Simply registered as oil and gas leases.

Presiding Examiner: In other words, they have a separate classification for it.

The Witness: Some parishes have separate books in which they record oil and gas leases. Other parishes do not, and



simply record them along with other acts of conveyance, such as deeds and so forth. We have separate mortgage records and separate conveyance records. And if they are recorded in a separate book, called an oil and gas lease book, that book is nevertheless a part of the conveyance records, but simply is a separate record within those conveyance records.

By Mr. Huntsman:

Q. Do you have any knowledge as to what the recordation laws are in Acadia Parish, Louisiana? A. Specifically, no. I don't know whether they have an oil and gas record book or not. But to my way of thinking it won't make any difference, because they are all part of the conveyance records.

Q. These leases that you have examined, did they bear any

# 1406

endorsement upon them showing that they had been recorded in the county or parish recorder's office? A. Mr. Huntsman, I didn't examine them personally. My firm examined them—two members of my firm—Mr. E. C. Hickman and Mr. Elmon Holman. And I am satisfied that they either examined certified copies or copies contained in the abstracts that were furnished.

Q. Are those men members of the Bar of the State of Louisiana? A. Yes, sir, they are, members of my firm.

Q. I see. But you never examined them? A. No, sir, I did not personally examine these leases.

Q. You have no personal knowledge of any of these leases that are the subject matter of contract between these companies? A. No, sir. But I think I may rely upon the findings of my partners in that respect.

Q. Let me ask you, Mr. Guyton—if a lease was handed to you that bore the provisions in it that nullified any warranty or representation as to the title of any oil or

gas or any property rights, would you say that that was a lease or a deed? Would that be a deed of any kind or description, conveyance? A. I am afraid I don't understand your question.

1407

Presiding Examiner: Would you read the question back?

(The question, as recorded, was read by the reporter.)

The Witness: As I understand your question, Mr. Huntsman, you are asking me if a lease had warranty limited, or stipulated there was no warranty, whether or not that would still be a valid lease. And my opinion is that it would still be a valid oil and gas lease.

By Mr. Huntsman:

Q. It would not be a conveyance? A. Well, I would say it is an oil and gas lease. The effect of it is a conveyance of the rights that are transferred under the lease. And as I said earlier, those rights are the rights to go upon the property and prospect for oil and gas and to reduce it to possession and ownership.

Q. Now, is there any provision in the laws of the State of Louisiana that would enable an assignee of a lease, oil and gas lease, to turn around and convey and warrant title to something that he had received by such a lease? A. As I understand your question, under such a lease, which contained a limitation of warranty, or a stipulation of no warranty—could that lessee in turn convey the property by warranty, deed or assignment, and my answer is yes, he could.

Q. Well, what would the grantee get from such a warranty?

1408

A. He would get the benefits of the warranty that came from his grantor.

(1408)

Q. He wouldn't get any benefits from the original land owner, would he? A. No, sir, he would not—insofar as the warranty is concerned, no.

Q. That is right. Insofar as the warranty is concerned, it wouldn't amount to anything. A. Well, I won't agree with that—that it wouldn't amount to anything. The grantor in that case might be the Standard Oil Company of New Jersey, and I would say the warranty was very good.

Q. Yes. Suppose the grantor, though, didn't have a dime in its treasury, and he was bankrupt. Would the warranty do the grantee any good? A. Well, if the grantee couldn't recover on the basis of the warranty, I would say it wouldn't do him any good, no.

Mr. Deakins: Mr. Examiner, I have not objected, but I do not see the relevance of this.

Presiding Examiner: I don't think that that is a question of a lease at all, but it may be relevant to the question which you made some objection to, as to whether it was important who Louisiana Gas Company was and what assets they might have. I think it might be pertinent to that question, and I am going

1409

to permit the line of questioning on that grounds.

Mr. Deakins: As I said, Mr. Examiner,—I don't want to seem to be repetitious—but we are not asking for a certificate authorizing us to acquire these leases.

Presiding Examiner: I appreciate that fact. But you are asking for a certificate which assumes that you have gas subject to your beck and call which can be transported through your line.

Mr. Deakins: That is right, Mr. Examiner. But I have been in lots of cases in which we had, for example, a contract, and all it did was to list on that the leases that are dedicated under that. Nobody every inquired as to whether

the owner of that lease had a nickel or not, because those are some things we just have to take on their face. It is like these questions about the warranty. They are meaningless.

Presiding Examiner: Well, we will see whether they are meaningless before we get to the end of it. I am not at all sure that it is or is not.

By Mr. Huntsman:

Q. If a lease or a contract to sell or transfer a lease by a lessee to a third person required that third person to secure permits or permission from any governmental agency to enable it to fulfill its obligations hereunder, the inability of that company—Louisiana Gas Company—to acquire, or the delays on the part of the Louisiana Gas Company in

#### 1410

acquiring at reasonable costs and after the exercise of reasonable diligence, such materials and supplies and permits, and permissions—if that were contained in a lease agreement in which a third party was buying from a lessee, would you say that as a matter of title, that the purchaser of the lease was getting—if he didn't conform with that condition imposed upon him by the seller, that he was getting anything from the seller? A. As I understand your question, if a conveyance contains a condition, whether or not the buyer will acquire any rights upon—without performance of that condition, my answer is that he would not, that the condition would have to be performed.

Q. That is right.

Did you have before you, when you or your firm rendered their opinion, the Exhibit M-14, which purports to be the lease sales agreement in the Rayne Field of Louisiana between Continental Oil Company and others and Louisiana Gas Company? A. Yes, sir, we examined that agreement—not in its present form. It has now been printed. But we

(1410)

examined a copy of the agreement, and I have read both the agreement originally submitted and this one, and noted they are the same.

Q. Do you know wherein the original that was filed and the printed copy differ?

1411

A. I don't think they differ in any material respect, Mr. Huntsman.

Q. I see. Let me ask you—under the laws of Louisiana, what are the rules, or what principles are required with respect to assignment of a contract? That is to say, can an obligee, under a contract, assign the benefits of the contract without the burdens and obligations thereunder? A. Yes, sir. I think so. Certainly the burdens would follow insofar as real property is concerned that attach to the property and attached in the original conveyance as part of the conveyance. But there, of course, could be certain provisions of such a contract, such as the obligation to pay the consideration, which would not pass on to the subsequent assignee unless he assumed an obligation. The property, of course, would stand for the payment of the consideration under those circumstances.

Q. The doctrine of assignment as obtains under the common law is practically the same as that under the civil law in Louisiana? A. I can't answer that, Mr. Huntsman.

Q. You haven't made a study as to the relationship of that particular field? A. No, sir, I have not.

Q. I see.

1412

Are you familiar with the case of the United States against the NEBO Oil Company, Inc., decided by the U.S. Court of Appeals of the Fifth Circuit on August 4, 1951?

A. Yes, sir, I am.

Q. And would you say that the statute has changed any of the rules in that case since that time? A. As I recall that case, that involved a mineral servitude. And I think that what the court said in that case, if I remember correctly, was that they were not two estates, one in minerals and one non-mineral estate.

Q. That is right. A. No, I would say that has not changed. The law of Louisiana does not recognize the ownership of minerals in place.

Q. That is right. And the law hasn't been changed since this court announced that that was the rule in Louisiana, as far as you know? A. I think that is correct.

Q. Now, explain, Mr. Guyton, the significance of the term "tenure" in the law of Louisiana as it relates to leases, and the term "servitude." What do those two terms mean in a lease? A. Well, I will take the first one first. The term servitude has no relation to an oil and gas lease because that term is applied to the sale of minerals themselves. Now,

### 1413

the difference between the mineral sale in an oil and gas lease, and an oil and gas lease basically is that in the one case, the case of a mineral sale, the purchaser purchases more or less as an investment. He pay normally—and I would say practically in all cases—a cash consideration, and has no further obligations insofar as the grantor of those minerals are concerned.

The situation is entirely different with an oil and gas lease in that oftentimes the cash consideration, or bonus, is small compared to the hope of royalty, you might say, that the lessor seeks under the lease. And if the lease contains no actual obligation for development, there is an implied obligation for development. So that an oil and gas lease has certain obligations which a mineral owner does not have. And they are two different things.



(1413)

Now, a mineral sale in Louisiana is a servitude. An oil and gas lease is a lease.

Q. Let me ask you a hypothetical question to illustrate a point.

If—— A. I didn't fully answer your question—if you want to interrupt me. You asked me about tenure.

Q. Go ahead. A. I take it you are talking in terms of the term of an oil and gas lease, which, generally, is a specified term of

1414

years, and as long thereafter as oil and gas is produced. Now, such a type lease has been recognized in many cases in Louisiana, and the courts have held—I have forgotten the name of the case, but they have held that there is no uncertainty about the term of such a lease, that it is a known fact that oil and gas reservoirs do not produce forever, and are subject to depletion, and, therefore, the term of the lease would eventually come to an end, the lease would not be for an indefinite time.

1415

Q. And when it comes to forfeiture of the rights of a lessee of an oil and gas lease, if you were handed a question as to whether or not a lease was good after ten years, when there had been no production or sale of gas from a piece of property, would you say that you could determine upon that state of facts whether the owner of the land could forfeit or take possession of the land and drill on that, regardless of the lease? A. Well, I would say, Mr. Huntsman, that it would depend upon the term of the lease. There is no prohibition in Louisiana as to the number of years that an oil and gas lease may have within its primary term. For example, a lease may be granted for 25 years as a primary term, as long as oil and gas was produced.

At one time we had a lot of difficulty with the ten-year

limitation, and a number of the early cases classified an oil and gas lease as a servitude.

As a matter of fact, there is one early case of *Arent versus Hunter*, in which the court held that a non-contiguous portion of a lease would terminate after ten years, and applied the doctrine of servitude in that case. But that no longer prevails in Louisiana. And as a matter of fact, in the *Gulf Refining Company versus Glassell* case that you mentioned earlier, the Supreme Court specifically determined that an oil and gas lease was not a servitude.

Q. When they—

1416

A. Just let me add one further thing to answer your question. If such a lease were presented to me that had been in existence for ten years, and no oil and gas produced, I would have to know a number of other things before deciding on the rights of the landowner. I would have to know, of course, the term of the lease. I would have to know whether any part of that land had been pooled with other land from which there was production.

Q. By pooled— A. Unitized, either by voluntary agreement under the term of the lease, or by order of the Conservation Commission.

Q. The Conservation Commission has jurisdiction in matters of that kind when certain conditions prevail, is that not true? A. That is correct. The Conservation Commission has the right to determine the spacing pattern and where there are different owners in a tract that constitutes the spacing pattern for one well, such as 640 acres in the case of a gas well, the Conservation Commission has the authority to unitize all those various tracts and ownership into one unit for one well to produce the gas for all the owners.

Now, you might have half-a-dozen leases in that particular unit that were ten or twenty years old, and still may be

(1416)

in full force and effect by reason of production from other lands.

Q. If you represented a client who was going to purchase

1417

a lease that another person had taken from the land owner, for oil and gas lease purposes, what would you do in regard to the instrument that evidenced that lease? A. I do not understand what you have in mind when you ask what I would do with it, the instrument that evidenced the lease.

Q. Would you require the person who was assigning it to you to turn it over to you, so you would have it in your possession? A. Well, of course we record the original instruments in Louisiana, so that would not be possible. The original lease would be of record. And all he could do would be to execute an assignment of that lease, and that assignment would be recorded. But the original instrument is retained by the clerk of the court.

Q. I see—sort of put in a folio, is it, there? A. Well, it is actually recorded in a book, a typewritten record at the present time, of all instruments, and they also keep them, the original instruments, in the files.

Q. Is it a custom in the business of dealing in oil and gas leases to make copies of those so that the parties to the lease will have copies and the original be on file? A. Sometimes that is done. Sometimes the lease is executed in multiple originals, though not often, because we feel that the record and the location of the original lease in the courthouse, usually in fire-proof vaults, is sufficient

1418

protection, probably better than in the owner of the lease's files.

Q. Would you think it would be unusual business for people engaged in the purchase of leases that cost \$134

million to not have copies of those leases in their possession?  
 A. Nothing unusual about that at all.

Q. There is not? A. No, sir. You meant copies of the original leases, I take it.

Q. Yes. A. Nothing unusual about that at all. If they have got copies in an abstract, or copies certified by the clerk of the court, simple typewritten out, transactions involving multi-million dollars are handled on that basis.

Q. But they have got copies of them. A. Copies, yes—but not of the originals.

Q. Not duplicate originals. A. No.

Q. What I mean is any copy that was authentic, contained all of the terms and conditions. A. Surely, they would have examined copies of the leases, and that has been done here.

Q. So that you know that the Texas Eastern Company has copies of these leases. A. Well, they were submitted to our members of our firm

### 1419

for examination. Now, whether or not Texas Eastern has actually obtained the copies and put them in their files, I have no knowledge. But I do know that the members of our firm have examined copies of these leases.

Mr. Huntsman: I think that is all.

Presiding Examiner: All right. Does anyone else have any questions of this witness?

Mr. Smith: I have one or two, Mr. Examiner.

Presiding Examiner: All right, Mr. Smith.

By Mr. Smith:

Q. Mr. Guyton, Exhibit 11 indicates that you examined the lease sale agreement, the assignment and conveyance, and the lease purchase agreement that are mentioned in Exhibit 11. A. Yes, sir.

Q. Did you examine any other instruments evidencing agreements involving this Rayne Field transaction be-

(1419)

tween or among the independent producers, Louisiana Gas Corporation, and/or Texas Eastern? A. Mr. Smith, I did not, and as far as I know, no member of my firm did examine such instruments.

Q. You did examine the lease sale agreement, did you not? A. Yes, we did.

Q. And you noticed in that agreement that it referred to the acts of mortgage and pledge instrument. A. I did notice that.

1420.

Q. Did you examine the acts of mortgage and pledge instrument? A. I did not.

Q. So you do not know whether or not or to what extent that would affect title. A. I do not. I have not seen such an instrument.

Q. Mr. Guyton, did you or your firm have anything to do with the creation of Louisiana Gas Corporation? A. Nothing whatsoever, no.

Mr. Smith: That is all I have, Mr. Examiner.

Mr. Huntsman: I would like to ask one more question.

Presiding Examiner: All right. Don't take too many bites of the cherry. I will stop you sometime, you know.

By Mr. Huntsman:

Q. You stated that you represented the Union Producing Company. A. And still do, yes, sir.

Q. And that is a wholly-owned subsidiary of the United Gas Pipeline Company. A. No, sir, that is a wholly-owned subsidiary of United Gas Corporation.

Q. United Gas Corporation. A. That is correct.

Q. Now, does this United Gas Corporation have any contract with the Sun Oil Company for any gas from the Rayne Field.

1421

that you know of? A. I do not have any idea, but I would think not. I have not heard of any—let's put it that way.

Mr. Huntsman: That is all.

Presiding Examiner: Anyone else?

Mr. De Vore: I have a question.

By Mr. De Vore:

Q. Mr. Guyton, I believe you stated in answer to a question of Mr. Huntsman that ordinarily in a gas lease terms for payment consist of a small initial cash payment, and then royalties or amounts paid upon the production of gas as that lease is developed, Is that correct? A. I did not mean to leave the impression that it was necessarily small. Sometimes it is large. But in many cases it is small in relation to the eventual returns from royalties.

Q. Well, aside from the size of the down payment, was my understanding correct that the balance is paid in connection with the amount of gas which is produced from the lease?

A. Well, it is not a balance in the sense that you speak of—at least I do not understand it to be. In other words, it is an obligation of the lessee to pay a royalty which is dependent upon the amount of the production from the property. That royalty varies from an eighth to in some cases as much as a fourth, in South Louisiana, and maybe larger royalties.

Q. But the payment of a royalty is, would you say, the

1422

ordinary method of payment for gas obtained under a gas lease? A. To the lessor, yes—the payment of the royalty is his compensation for the lease in addition to the cash bonus which the lessor may have received.

Q. In view of that, would you say that the terms for payment, the terms of payment for the gas leases which Texas Eastern is acquiring is the ordinary type of payment for a



(1422)

gas lease? A. I will answer that this way. The members of my firm who examined these leases determined that the leases were all on what we call commercial oil and gas lease forms, and a commercial oil and gas lease form would require the payment of a stipulated royalty on oil and gas. And the printed commercial forms, of course, contain a provision for a one-eighth royalty. If the royalty is in excess of that, it usually is by negotiated agreement and a type-written contracts.

Q. Well, if I understand the contracts that have been submitted, and the testimony, Texas Eastern is proposing to pay initially some \$12 million, and a balance of \$121 million for the working interest of gas involved in the Rayne Field—this aside from the minority interest which they are also purchasing for another consideration of some \$46 million.

Mr. Deakins: Mr. Examiner, I object to that question. It is not proper. It does not reflect the testimony. The testimony is that this payment is for the leases, not the working

1423

interest gas, as he stated. He stated it incorrectly.

Mr. DeVore: I will accept the—

Presiding Examiner: All right—will you correct that.

By Mr. DeVore:

Q. But in any event, that payment is required to be made regardless of the amount of gas which is obtained from the lease, isn't that correct? A. The royalty payment to the original lessor?

Q. Well— A. Are we talking about the original leases or something else?

Presiding Examiner: I thought you were talking about this lease sale agreement.

Mr. DeVore: That is what I am talking about. As I understand it, there is a payment for the gas leases representing

the working gas interests of \$134 million, \$12 million of which is supposed to be paid initially and the balance over a period of 16 years. The balance is not in any way related to the amount of gas which will be developed from the leases.

The Witness: That is as I understand the agreements—that it is not related to the amount of gas which will be produced from the leases.

Presiding Examiner: And you would not classify this in any way as an overriding royalty, then.

The Witness: No, sir. I classify the \$134 million as

### 1424

the consideration for the purchase of these leases.

Presiding Examiner: In other words, consideration for the assignment.

The Witness: For the assignment, for the purchase of the leases, yes, sir.

By Mr. DeVore:

Q. In other words, Texas Eastern is not proposing to pay any royalties for the gas which it subsequently acquires from the leases? A. Mr. DeVore, as far as this gas production is concerned, royalties will have to be paid with respect to that production. But those are the royalties that have been reserved by the lessors or by any intermediate transfer of these leases prior to the time that the title has reached Texas Eastern. But those royalties will have to be paid.

Presiding Examiner: But there will be no royalties paid to any of the four companies, and you anticipate that there will be no royalties paid to any of the other people holding the balance of the field if similar agreements are made with them.

The Witness: As to the gas, that is correct.

(1424)

By Mr. DeVore:

Q. Well, then, are the provisions of payment for the gas leases the typical kind of payment for a gas lease? A. Well, I cannot answer that as to whether or not it is

1425

typical. Let us say this—it is not an unusual agreement, insofar as the consideration is concerned. Oftimes leases are transferred on the basis of a payment of large considerations, and I see nothing particularly unusual in this consideration, except that Texas Eastern—well, nothing unusual in it. They have agreed to pay to their assignor, the Louisiana Gas Company, \$12 million, and Louisiana Gas Company, in turn, has agreed to pay \$134 million for the property.

Presiding Examiner: May I interrupt you again, Mr. DeVore.

Mr. DeVore: Yes, sir.

Presiding Examiner: I want to pick up one thing that was in the witness's answer there, I believe, or else in your question. And it was in regard to there was no royalty payments for the gas.

As I understand—am I correct in my understanding of these instruments that there is a reservation of all of the net interest after cost of production in so far as it relates to oil, and in so far as it relates to the hydrocarbons over and above the normal approximately 1,000 or whatever is provided for in the agreement—I did not check that—BTU; that is reserved entirely after expenses to the assignors here, is that correct?

The Witness: Basically that is correct. You referred to oil, and I am sure you meant condensate, because all of the oil is reserved by the sellers.

1426

Presiding Examiner: I had in mind condensate as well as oil, and in addition the hydrocarbons produced either at plant or on the lease.

The Witness: The liquids, yes. In other words, there are certain—

Presiding Examiner: In other words, any gasoline or butane or methane which was taken out to bring it down to approximately one thousand would also, the net value of it, be paid over to Sun and Marr and Continental and General Crude.

The Witness: I think basically that is correct. The agreement sets up the manner in which those payments are to be calculated on the gasoline. There are certain expenses to be deducted from the condensate as set forth in the agreement.

Presiding Examiner: All right.

By Mr. DeVore:

Q. Mr. Guyton, all I was trying to ascertain was whether or not the method of payment that is involved in the acquisition of these gas leases was different from the ordinary method of payment which you had described as common in the acquisition of gas leases, where an initial payment is made, and then subsequently royalties are paid in connection with the amount of gas produced.

Mr. Deakins: That is objected to as repetitions. The question has already been asked and answered.

Mr. DeVore: I do not think I have had an answer.

1427

Presiding Examiner: I think we will let the witness answer. He wants to.

The Witness: Mr. DeVore, I think probably where the confusion is that I thought you were talking about oil and

(1427)

gas lease contracts between the lessor and the lessee, where it is normal for a cash consideration to be paid, be it small or large, and in addition a royalty to be paid.

It is not customary or required that in the assignment or sale of the leases after they have been developed on a producing basis that a royalty be stipulated in favor of the seller. Sometimes that is done in the nature of an overriding royalty, sometimes a production payment. Oftimes a sale is made simply on the basis of a cash consideration.

Mr. DeVore: I have no further questions.

Presiding Examiner: Does anyone else have any questions?

Mr. Mann: I would just like to ask one or two.

Presiding Examiner: All right.

By Mr. Mann:

Q. Mr. Guyton, lead me through this thing by the hand, if you will. There have been a lot of royalty owners involved; in the first instance, let us say, with Continental—with respect to Continental's leases there were, let us say, dozens, maybe hundreds, even thousands of royalty owners who would, if Continental had developed these leases, be entitled to royalties, presumably.

1428

What happens to those royalty owners now? A. Those royalty owners—

Q. I am speaking about the gas now. A. Those royalty owners are still entitled to receive their royalty. We are talking about now the land owners and the original mineral owners, who granted the original oil and gas leases. They are entitled to receive such royalties as they reserved in their oil and gas leases.

Q. So that in terms of the mechanics, once this project is in operation, how do they get their money? Who pays who and how does it work? A. Well, I would say that Texas

Eastern, as the owner of the gas, would pay the royalties that were due, since it is not required to account to anyone else for that gas—Texas Eastern would be required to pay those royalties.

Now, bear in mind that the commercial oil and gas lease does not provide for the delivery of any gas in kind to the lessor, as that is an impractical situation and cannot be accomplished as in the case with oil, where the leases, most of them, do provide that the royalty in oil can be delivered in kind if the lessor requires it.

So that Texas Eastern will be required to make payment of these lessors' royalties.

Q. You may not know the answer to this one—perhaps counsel could state it—but is it contemplated that Texas

### 1429

Eastern would pay to Louisiana Gas Corporation and Louisiana Gas Corporation back to the several major producing companies, and they in turn to the royalty owners, or how is it going to be handled? A. I do not know how it would be handled. But I would say it would not be handled in that way. I imagine that Texas Eastern would make the royalty payments direct to the royalty owners who will become Texas Eastern's lessors by reason of these transactions.

Mr. Deakins: That is correct.

Mr. Mann: That is all I have—thank you.

Presiding Examiner: All right. Anyone else have any question of the witness? Do you have any redirect?

Mr. Deakins: I do not, Mr. Examiner.

Presiding Examiner: All right. The witness is excused.

Mr. Deakins: The witness is excused so he can go home.

Presiding Examiner: The witness is excused sine die.

(Witness excused)



(1617)

1617

John C. Jacobs

resumed the stand and testified further as follows:

1621

Further Direct Examination

By Mr. Deakins:

Q. You are the same John Jacobs who testified previously in these proceedings, are you not, Mr. Jacobs? A. I am.

1622

Q. Now, I want to ask you on further direct some questions that are historical insofar as they deal with the events leading up to and the consummation of the arrangements which we have presented in these reopened hearings.

First, I will ask you, Mr. Jacobs, to state the facts which you know about the commencement of negotiations and the negotiations which led up to the acquisition of—led up to the consummation of the arrangements for the acquisition of the Rayne leases.

Will you state that to the best of your knowledge and your recollection? A. Yes, I will.

To begin with, Texas Eastern for a long period of time has been and continues to be interested in the acquisition of gas supply through obtaining developed leases, as compared with obtaining gas through the normal type gas purchase contract.

(1623)

Now, the acquisition of gas supply through leases has two principal advantages. The first advantage is that it gives Texas Eastern or the buyer, the purchaser, flexibility in the amounts of gas that can be taken from the wells as compared with an ordinary gas purchase contract which has the so-called take or pay for feature in it, which is that feature that provides that the pipeline company will pay for a certain amount of gas each year, whether it takes it or not.

1623

Q. Let me interrupt you, Mr. Jacobs.

In that connection, you have in your office in Houston the custody of the contracts which Texas Eastern has made or which have been assigned to it by Wilcox Trend of all the gas purchase contracts, do you not? A. That is right.

Q. Can you state without detailing it, whether or not a good number or most of these contracts or a few of them contain these provisions that require you to either take gas or pay for it, whether taken or not? A. Mr. Deakins, we have something in the neighborhood of 250 contracts and practically all of those have the take or-pay for feature in them, the exceptions being some contracts which would have to do with casinghead gas and you do not escape the problem there, because the casinghead gas has to be taken into the pipeline as the oil is produced.

Presiding Examiner: In other words, that is something that the state commission takes care of and sees that you take, is that it?

The Witness: The state commission sets the oil allowances and in a casinghead contract provides that the buyer

(1623)

will take the goods as produced. So it is really controlled by the state commission, yes, sir.

Presiding Examiner: Thank you.

1624

By Mr. Deakins:

Q. Now, let me ask this, Mr. Jacobs: In your experience have there been occasions when Texas Eastern was required to pay for considerable quantities of gas which it could not take due to slack demands on the system?

Mr. Huntsman: Objection to the question as immaterial to the issues in this case.

Mr. Deakins: Mr. Examiner, he has stated that one of the advantages was that and I wanted to show—

Presiding Examiner: I think I will allow him to show.

Mr. Deakins: It is not a thing that is inconsequential.

Presiding Examiner: We are probing some disadvantages of this proposal. I think we are entitled also to consider any alleged advantages.

By Mr. Deakins:

Q. Do you remember the question, Mr. Jacobs? A. I do.

I do not know of any specific instances in which Texas Eastern has had to pay money for gas that was not taken, but I do know of instances where it has been necessary for us to go to the seller under a gas purchase contract where it was apparent that Texas Eastern would not be able to move the minimum amount of gas required under the contract and make arrangements so that the contract would be changed to the extent that Texas Eastern would not have to pay those amounts

1625

of money.

Q. All right. Now, then, proceed with your discussion of the historical events that you were discussing just before I interrupted you. A. I would like to say one more thing about the take or pay for contract if I may, and that is the problem that it presents to the pipeline company can perhaps be best expressed this way, and that is that the take or pay for contract with imposed upon it the regulation of the Natural Gas Act results in effect in 100 per cent load factor requirements on the pipeline at the supply end. There are very few pipelines that at their sales end sell at 100 per cent load factor. Consequently, the take or pay for problem is a problem that is continuously with us in the operation of our system.

Now, another advantage that comes out of the acquisition of gas supply through the purchase of leases lies in the aspect of fixed price.

I would like to make it plain that what is being discussed here is the acquisition of developed leases and not the taking of leases for exploration purposes.

It is a fairly common thing, I am sure we are acquainted with it, and Mr. Guyton testified about it here before, where a lease or a landowner, gives a lease on property that may or may not have gas underneath it to a person for a bonus and royalty.

Now, it is another matter, albeit a fairly common transaction in the oil and gas industry—it is another matter, many other considerations come into the matter when a transfer of proved productive leases is involved.

What I am discussing here is the transfer of proved productive leases.

Back to the point I had raised that one of the advantages of acquiring a gas supply in this manner is that the price of the gas is fixed. We are all aware that in the gas purchase contract, in the price provisions, there is usually included the so-called indeterminate pricing provisions, in particular the favored nation's clause and the price redetermination clause. These provisions are included due to the fact that these contracts are made for 20 years and are included to protect the seller, if you will, against future increases and price levels as, for example, inflation.

Now, by acquiring leases as we have acquired them here, there are no indeterminate pricing clauses involved. If you will remember, I testified before that there are three principal considerations that flow to the sellers in an acquisition of leases such as we have under discussion here.

First, a cash down payment. Second, a series of notes which mature over a part of the life of the property. Thirdly, a production payment out of the liquids.

Now, I might pause here and define what is meant by a

production payment.

Q. Just a minute. Let me interrupt you. Is provision made for production payment in any of the documents which you testified to previously which will be effectuated in a consummation of these arrangements?

Mr. Huntsman: Objection to it as not the best evidence, no proper foundation.

Presiding Examiner: He can point out which documents

(1628)

it is in, if it is in any of them, and that is all I understand this question goes to.

Mr. Huntsman: We are entitled to see these documents and examine those.

Presiding Examiner: I understood the documents he was talking about were the documents in evidence.

Mr. Deakins: Yes, sir.

The Witness: The provisions in regard to the production payment in this particular subject—

By Mr. Deakins:

Q. In the Rayne Field documents? A. —in the documents relative to the transfer of leases in Rayne Field from the Texas Eastern is contained in Roman I to hearing Exhibit No. M-14 which is entitled "Lease Sale Agreement."

On page 3 of the Assignment and Conveyance, which is attached to said Lease Sale Agreement, is a description of the

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production payment which is involved in this particular matter.

Now, first, as to what a production payment is: Again, in selling—buying and selling—proved leases, the oil industry has developed the production payment. Basically, it is either a type of security or a type of retained interest.

We see it often used in connection with loans of money against approved properties. The loan is made to be repaid out of the hydrocarbons produced from the property when and as produced.

Now, the significant thing about this type of security is the only rights of the lender are against the hydrocarbons as produced. It is not a production payment if the borrower has also assumed responsibility to repay the loan outside of the production.



(1628)

Now, in our particular case the production payment has been retained by the present owners of the leases.

As you will notice, and this is where we started when we start talking about production payments, we are talking fixed price. We wanted to make this deal so there would be coverage in the future as to the operating expenses. Obviously, as the owner of the leases, Texas Eastern has the obligation to develop hydrocarbons, and this field is essentially completely developed, has the obligation to produce hydrocarbons, and has the obligation to market hydrocarbons. These are the obligations that fall on any person that owns leases.

Q. Now, Mr. Jacobs, where do those obligations arise?

1629

A. Those obligations arise in the lease instrument itself. These obligations arose when the present owners of the leases first took their leases from the lessor or landowner back at the time when it was not known whether there were hydrocarbons under these leases or not. Those leases were taken, and when they were taken they contained these obligations, basically, to develop, to produce and to market. The development phase has been completed. As has been testified here, these leases are some of the most valuable ones in the State of Louisiana.

Q. Let me ask you this: What happens if the lessee fails to market, produce, or develop the lease, and do you know whether or not there has been many times in the courts cases involving the failure to do any of those things and what has been the effect of those where proof of a failure was shown conclusively.

Mr. Huntsman: Objection to the question upon the grounds that no proper foundation has been laid for the conclusion of this witness upon this subject. It is purely a legal matter. The documents are not before you nor before

us. We haven't seen them. It is assuming facts not on the record.

Presiding Examiner: I think the question is general and I think the witness' background is sufficient to justify it. It doesn't apply to particular documents in this case.

Mr. Deakins: I didn't intend it to, Mr. Examiner.

1630

A. If those obligations are not met by the owner of the lease, the lessee or the assignee of the leasee, the person that owns what is called the working interest, then the lease is subject to termination.

Now, we might go a step further and say that in the development of the oil and gas industry and the concept of the terminable lease was developed years ago and is the standard type of lease that is used in this country throughout the industry. Any of these large companies—take a company like the Texas Company, with large investments in leases, proved leases, if they were to cease to carry out any of those three responsibilities, their leases, regardless of the value of them, would be subject to termination.

Presiding Examiner: That has been the protection that the lessor has had since the early days of the oil industry in America.

The Witness: That is correct, Mr. Examiner, and it is a protection to the lessee because in developing the terminable lease, the lessee wanted it that way, so that if the property were valueless, he could terminate the lease and give it back to the lessor. If the property were valuable, he could meet his obligations under the lease and maintain his interest in it.

Presiding Examiner: And, of course, in areas where the lease was definitely an interest in real estate, there would be

no question that it might include the title too, if there wasn't a way of having in the recorded instrument this means of cancellation. Is that correct?

The Witness: That is correct. And the subject of the clearance of the record, so that title will be good, is of concern in the State of Louisiana, too.

One of the cases that Mr. Huntsman spoke of, the Nebo Oil Company case was involved in making sure that the records were clear, the title was in the oil company.

By Mr. Deakins:

Q. Is this obligation sometimes complied—have the courts so construed it to be an implied obligation, if not expressed in the lease and is that uniform?

Mr. Smith: I object to that question.

Presiding Examiner: I think that is a question for briefing.

Mr. Deakins: Yes, I can brief it.

Presiding Examiner: I think the witness has shown familiarity, but I don't think he has been shown an expert in this.

Mr. Deakins: No.

Presiding Examiner: I think it is a question for briefing.

Mr. Deakins: I am an expert in that. I lost a case up in Illinois.

Presiding Examiner: Most of us think we are experts when

we are writing the lease, but when somebody else starts playing hell with it, why we aren't half as expert.

Mr. Smith: Mr. Examiner, may I be heard.

Presiding Examiner: You may.

Mr. Smith: I think the question itself was too general. That was why it was improper, but I think it is a very

pertinent question that should be asked either on direct or cross-examination as to whether Texas Eastern has the obligation to do everything that Louisiana Gas Corporation has the obligation to do by virtue of acquiring the leaseholds and by virtue of assignments.

Presiding Examiner: We will get to that when you come to it. I don't think that is within the present question.

The Witness: With this concept of the production payment again which is a common thing in connection with loans being made on producing, or I should say productive properties, and in the sale of properties a fairly common thing for the previous owner to retain; that is, when you say the sellers retain a production payment, you mean the sellers retain the right to receive certain monies out of the production when, as and if produced.

Now, in this case, the sellers have retained such a right in regard to the liquids which will be produced and along with the gas by Texas Eastern at the Rayne Field.

Now, back to our principal concern here.

We wanted to make a deal with fixed prices as the owner

1633

of the leases, we have the obligation to operate those leases. What will those operating expenses be in the 10th year? What will they be in the 12th year? What will they be in the 5th year?

All we can do is make predictions which may or may not be correct. But to be certain that the cost of this gas to Texas Eastern would be fixed, we wrote this production payment as can be seen from the assignment and conveyance, to provide that as these liquids are produced, first, we deduct the operating expenses. Whatever may be left over, big or little, goes to the present owners of the leases as a production payment.

(1633)

Business-wise, what kind of protection is there that the income from the liquids will be large enough to cover the operating expenses?

I should like to say that it appears from our best estimate that in the beginning of the life of the field, when we have a pretty good idea what the operating expenses will be, that the income from the liquids will be more than ten times the operating expenses. So we think there is good coverage there, so far as the liquids always being able to more than cover whatever operating expenses are involved in Texas Eastern's duties with these leases.

Presiding Examiner: When you speak of more than ten times, you are speaking of the early stage as the liquids are exhausted

1634

in relation to the gas, that will decrease. But you estimate that they will still be more than sufficient?

The Witness: Yes, we do so estimate.

Now, with these goals in mind, let me repeat that we have been and we continue to be active in the gas supply market to acquire gas supply through the purchase of leases to get flexibility in gas deliveries, fixed price gas.

Now, one more thing in a general sense. The transfer of proved properties is customarily commonly carried out through an intermediary corporation. Now, gentlemen, this device is so common that in this particular case I never concern myself with where the intermediary corporation came from.

The intermediary corporations in the oil industry are in existence and have been in existence for long periods of time to carry out this particular function.

Now, in this particular case, remember, it is necessary to have the intermediary corporation so that these obligations



—that was one of the three considerations, the cash payments, the notes and the production payments—so that the notes would not appear on Texas Eastern's balance sheets.

By Mr. Deakins:

Q. I believe Mr. Osborn made that statement yesterday, did he not? A. That is correct.

Q. And you were in the hearing room when he made it?

1635

A. That is right, sir.

Q. All right, sir.

Let me ask you one other question while I have interrupted you, Mr. Jacobs.

You were remembering the advantages, do you recall at the time Mr. Cox was on the stand in the earlier part of these proceedings, there was considerable testimony about the effect of the Rayne Field contracts on favored nation's provisions of other contracts of Texas Eastern and possibly on the contracts of other pipeline companies. Are you familiar with that testimony? A. I have read that testimony.

Q. Will that pertain if the arrangements now proposed are consummated? A. That will not pertain if the arrangements now proposed are consummated. This is another advantage to all of us that grows out of the acquisition of gas supplied through leases.

In Texas Eastern's particular case, it was testified that favored nation's triggering out of the old Rayne Field gas purchase contracts could amount to as much as ten million dollars per year. Acquiring the gas supply in this way does not trigger favored nation's clauses. By the same token, other people buy gas in south Louisiana, or say generally other people buy gas in the area where gas is acquired through the acquisition of leases. Other people have price redetermination clauses



in their contracts. This acquisition at Rayne Field, or acquisition of this type, will not affect price redetermination clauses of the general type that is in effect in the Gulf Company's area.

So that acquisition should have no effect on any other gas cost of Texas Eastern or to any other pipeline company.

Now, back to the point that in the transfer of developed properties where large amounts of money are involved, it is customary to make use of an intermediary corporation.

For example, in Docket No. G-10499, titled "In the Matter of El Paso Natural Gas Company," part of the gas supply in that docket number for which I understand a certificate has been issued, was based upon leases acquired by El Paso Natural Gas Company through a company known as the Gwinn Company of Texas.

Now, the deal there was a deal negotiated between El Paso and the owners of leases both approved, that is, productive and non-productive.

The people that own the leases are people in the oil and gas business in Texas, the principal party being named Murmanill Corporation.

The deal was put in the common form. This isn't—what we are presenting here is not a unique thing. This is the customary way that leases are transferred after they have been developed from one party to another.

The deal in Docket 10499 was negotiated between El Paso and Murmanill, et al, and the properties were passed through the Gwinn Company Company of Texas to El Paso, so that El Paso would not have to show the notes on its books.

Now, this use of the intermediary corporation is also common in the transfer of oil and gas properties.

Now, this El Paso-Gwinn arrangement we have just spoken of, is almost exactly the same form as ours, gas properties involved.

Also in the Commission's files is information in Docket No. G-10354 in which the Atlantic Refining Company received certificates on properties formerly owned by the Houston Company of Texas.

Houston was a smaller company. It sold out completely to the Atlantic Refining Company, producing leases, oil leases, gas leases, non-producing leases. The whole company was sold to Atlantic.

And in that transfer, again an intermediary is brought in.

Now, without going into details, the intermediary arrangement here is the kind of thing that goes into the so-called A, B, C arrangement under which oil and gas properties are transferred.

Another example of that in the Commission's files is Docket No. G-8493 in which the Sinclair Oil Company received certificates to sell gas off of properties formerly owned by the American Republic Corporation.

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Again, Sinclair bought American Republic, a going oil concern, and that deal again was transacted with the use of an intermediary corporation.

So much for the general answer to your question.

Q. Well, now, let me ask you this, Mr. Jacobs. I believe you testified the other day that you handled negotiations or attended all of the negotiations out of which the documents which make up Exhibit M-14 were developed, is that correct? A. I did so testify and I did handle those negotiations.

Q. Now, in connection with that, am I correct if I state that Louisiana Gas Corporation was created? Is that correct? A. That is correct.

(1638)

Q. Now, the other day you expressed a lack of knowledge of the affairs of Louisiana Gas Corporation and since that time at my instance, have you acquainted yourself with the affairs of that corporation and secured copies of the exhibits which we have identified this morning as Exhibit M-15, M-16, M-17 and M-18? A. I have acquainted myself with the affairs of Louisiana Gas Corporation since that time and have obtained the documents that you referred to.

Q. From whom did you obtain those? A. I obtained those from Mr. Head, the general counsel of Texas Eastern Transmission.

I went to him after the questions were raised in this

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hearing as to the particulars of Louisiana Gas Corporation, because when it became apparent that we had a good chance of consummating these negotiations, we knew that our requirements to make the deal—and this was completely discussed and explained to the present owners of the leases, that one of our requirements making the deal was through the intermediary corporation. At that time of the negotiations I went to Mr. Head, told him that we had that problem, and that I would like for him to take care of it.

Q. All right. Then I take it from what you have just said that the legal papers were prepared by lawyers and not by you. A. That is correct.

. . . . .

1645

By Mr. Deakins:

Q. Now, Mr. Jacobs, referring you to Exhibit M-14, do you have a copy of that there? A. I do.

Q. Will you state for the record what part of what sections of that agreement entitled "Lease Purchase Agreement" pertain to the transfer of the leases from Continental

Oil Company, et al, to Louisiana Gas Corporation and Texas Eastern? A. First, on page 3 of the lease sale agreement, which is Exhibit I to Hearing Exhibit M-14, the first full paragraph—

Q. All right.

Presiding Examiner: What page is that now?

The Witness: Page 3 of the lease sale agreement, the first full paragraph.

This is the lease sale agreement, not the assignment and conveyance—the lease sale agreement.

By Mr. Deakins:

Q. On page 3?

1646

A. On page 3, which commences "Upon satisfaction or waiver."

Q. That is the first full paragraph that commences on page 3 of the document, entitled "Lease Sale Agreement,"

A. Which reads—

Mr. Deakins: Have you got a set of these, Mr. Huntsman?

Mr. Huntsman: I am trying to follow it in the one that is filed.

Mr. Deakins: You can't follow it on that thing.

Presiding Examiner: That is the charter.

Mr. Huntsman: This is the lease sale agreement that was filed with the Commission as part of the application.

Mr. Deakins: I know, but you can't follow the pagination. These are printed and single-spaced, Mr. Huntsman. It would be almost impossible. We will be talking about two or three things.

Presiding Examiner: Apparently the copy that was filed with the application is a typewritten copy, rather than a printed copy.

Mr. Deakins: Yes, sir. They hadn't been printed, and they didn't conform to the Commission's rules as to size.

(1646)

We filed those, but we didn't serve them as exhibits.

It is on page 4 of the one Mr. Huntsman is looking at, but it is on page 3 of Exhibit M-14, Section 2.

The Witness: The first full paragraph on page 3 of the

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document entitled "Lease Sale Agreement" commences: "Upon satisfaction or waiver of the foregoing conditions."

Now, the foregoing conditions are set forth commencing on page 1 of the same document, which four conditions are: first, the approval of title by buyer's attorneys. That condition has not been fully met, but the attorneys that are examining title are practically complete and say that the title is all right with a few minor title matters to be cleared up.

The second condition is the obtaining by the sellers of a satisfactory tax ruling from the Internal Revenue Service, and that ruling has been obtained, as I believe is shown by the record in this case.

The third condition is the obtaining of a satisfactory certificate on the part of Texas Eastern to build a line into the Rayne Field. That is the subject of the hearing that we are now participating in.

The fourth condition is the dismissal of the old certificate applications of the sellers.

Now, skipping back over to page 3, upon satisfaction of all those conditions, then, we start talking about a closing of the deal, and on down into the middle of the paragraph, it says: "on or before 10 days after the completion of the construction of such facilities."

By Mr. Deakins:

Q. What facilities?

1648

"Such facilities" refers to the first sentence of the paragraph which states "the construction of the necessary facilities to enable Texas Eastern to take and transport its gas production from Rayne Field."

Q. O.K. A. Now, within 10 days of completing the construction of those facilities, or 30 days after the conditions are met, whichever occurs earlier, the deal will be closed at a designated office: Vinson, Elkins, Elkins, Weems and Searls in the Esperson Building, Houston, Texas.

Then we go to the next paragraph and see what happens on the closing date.

Now, as to this particular instrument, on closing date—remember, this is the instrument between Louisiana Gas Corporation and the present owners of the field.

Q. This is the lease sale agreement? A. This is the lease sale agreement.

Q. All right. A. Louisiana Gas Corporation will receive from the present owners an executed assignment and conveyance, which is the very same one that is attached to the lease sale agreement.

Q. It is marked Exhibit 1 to hearing Exhibit M-14, Section 2, I guess it is, and is entitled "Assignment and Conveyance", is that correct, Mr. Jacobs?

1649

A. That is correct.

Q. All right. A. Now, when the present owners of these valuable leases execute and deliver that assignment and conveyance, they have irrevocably transferred title of those leases out of themselves and into Louisiana Gas Corporation.

So, the next thing is what do they get back.

Well, simultaneously as is set forth in the second full paragraph on page 3, which commences "On the date the



(1649)

sale is closed"—simultaneously, the present owners of the leases will receive from Louisiana Gas Corporation two things: a check for the cash part of the consideration—

Q. How much is that, sir? \$12,420,500? Is that it?

A. \$12,420,500.

—and will also receive from Louisiana Gas Corporation a series of promissory notes which are non-interest bearing and which accrue over a period of approximately 16 years.

Now, when that happens, when that has happened, the present owners of the properties have the \$12,420,500 check, the promissory notes of Louisiana Gas Corporation, and also they have retained the production payment in the assignment and conveyance.

Q. Well now, is there any mortgage provided for in

1650

this paragraph you refer to? A. There is a mortgage.

Q. By whom will that be given and to whom will it be given? A. That will be given by Louisiana Gas Corporation to the present owners of the properties.

Q. When you talk about present owners of the property, Mr. Jacobs—I think this is clear in the record, but you are referring to Continental Oil Company, Sun Oil Company, M. H. Marr, and General Crude Oil Company, are you not?

A. Those are the parties to whom I refer, and they are referred to in this document as first parties.

Q. All right, sir. Go ahead. A. Now, Louisiana Gas Corporation has assets of \$5,000. Where does it get the \$12,420,500 check to give to Continental Oil Company, et al., on closing date?

Well now, if we turn to the lease purchase agreement—

Q. That is Hearing Exhibit M-14. I guess it refers to—

Presiding Examiner: That seems to be the first part of—

Mr. Deakins: Yes, sir. It is a five-page instrument.

Presiding Examiner: All right.

(1652)

The Witness: Well, look at paragraph IV in the document, entitled "Lease Purchase Agreement." We will see that thereby

1651

Texas Eastern and Louisiana Gas have agreed that the same closing, that is, the same closing as that which I have just described between Louisiana Gas and the present owners of the field—at this same closing, Texas Eastern and Louisiana Gas will have a closing under the lease purchase agreement.

Q. Well, as a matter of fact, it refers specifically to the lease sale agreement, does it not? A. That is correct.

Q. Which is an exhibit— A. To the lease purchase agreement.

Q. Yes. A. Correct.

Q. O.K. A. Now, Texas Eastern, then, will give its check at the closing to Louisiana Gas Corporation for \$12,420,500, and in return for that, Texas Eastern will receive the executed document which is entitled "Conveyance," which is part of Hearing Exhibit M-14, sub. II, from Louisiana Gas Corporation.

Now, when that happens, Texas Eastern has paid out the \$12,420,500 check. Texas Eastern has now title in it with the obligations that run as to it and upon it as the person that owns the leases. Texas Eastern now has title to all of the leases in the Rayne Field. Texas Eastern has paid out one thing, \$12,420,500. It has acquired properties on which there

1652

are certain obligations. One of the obligations that is on the properties is as set forth in the document entitled "Conveyance" but which obligation is not specifically on Texas Eastern—one of the obligations is the payment of notes of Louisiana Gas Corporation.

(1653)

1653

Presiding Examiner: Those payments are secured by mortgage. And is that mortgage—let me ask you this question, perhaps. Is that mortgage a mortgage on real estate, a chattel mortgage, or a mortgage on a chattel real? What is the status of that mortgage?

Mr. Deakins: That is a mortgage—

Presiding Examiner: Maybe Mr. Head could answer that question.

Mr. Deakins: It is a mortgage on real estate, as well as chattels.

Presiding Examiner: I see. And would be classified as an interest in real estate?

Mr. Deakins: Yes, sir.

Presiding Examiner: All right.

By Mr. Deakins:

Q. Now, that mortgage that the Examiner inquired about, will that be executed by Texas Eastern? A. That will not.

Q. Will the notes? A. The notes will not be executed by Texas Eastern.

I should like to refer to the specific words in regard to the status of the notes, the specific words in the document entitled "Conveyance", which is Exhibit No. M-14, Roman II.

Q. Where will you find what you are going to refer to?

A. On the front page, we come down the first paragraph, which starts out "In consideration"—excuse me, I think I am

1654

going a little fast for Mr. Huntsman.

The conveyance, the first paragraph starts off, "In consideration"—skip that. The next paragraph starts off, "The properties and interests", underneath that sub (a) and sub (b). Come down into the full margin working

(1657)

under sub (b), "and by the execution hereof grantee acknowledges," is the way the line starts. That is the first line. Count down through the second, third, fourth, fifth—let me back up there. I would like to call attention to all of the words following "and the executive hereof"—"and by the execution hereof grantee acknowledges"—I would like to call attention to all the words after that, to the end of the paragraph—in particular "grantee acknowledges that the promissory notes representing the credit portion of the purchase price for the acquisition by grantor from Continental, et al, of all the properties covered by this assignment and conveyance," and skipping some words, "will continue as burdens on such properties and interest conveyed hereby until the notes are paid in full;"

Q. That is a recognition of the notes that Louisiana Gas will give to Continental, et al?

1656

The Witness: At the semicolon, where I just finished reading, "provided, however, that grantee does not assume any personal responsibility"—

By Mr. Deakins:

Q. It says liability.

1657

A. "the grantee does not assume any personal liability on said notes or agree to pay any deficiencies in the event of foreclosure."

Q. Now, I want to ask you this. Do the sellers—are the sellers familiar with that fact?

Mr. Huntsman: Object to it on the grounds—

Presiding Examiner: I think that will speak for itself.

Mr. Deakins: Well, he has been in the negotiations.

Presiding Examiner: Well, now, we know from the records in this case that the sellers are represented by com-

(1657)

petent counsel in the hearing, and I would assume that they were represented by competent counsel in the negotiations. There has been nothing to indicate in any way, in previous records, that either Sun Oil Company or Continental or Mr. Marr—

Mr. Huntsman: Crude Oil.

Presiding Examiner: General Crude. Mr. Marr is the only one who is an individual, the others are corporations. And Mr. Marr was up here himself in the earlier case, riding on it very closely. I am sure, from what I observed of Mr. Marr, that nothing goes on there that he doesn't know about.

Mr. Deakins: I think you are right.

Mr. Examiner, could I state the purpose of the question?

Presiding Examiner: All right.

Mr. Deakins: The reason for this question was—maybe I am anticipating, but there seemed to be those who we have not convinced. And I wanted to obviate any claim that they might

1658

make that we have not disclosed this thing to these people—therefore, they could set it aside. You see what I mean?

Presiding Examiner: I think that is something we cannot get into. We cannot presuppose a lawsuit. I think if we start in covering all the angles where somebody might go down a side street or a back alley somewhere, we will be here from now to Christmas.

Mr. Deakins: I agree with the Examiner thoroughly.

Presiding Examiner: And I am not going to let you start it, or anybody else.

Mr. Deakins: That is fine—if none of us are going to, that is just fine.

Presiding Examiner: All right.

The Witness: Well, at this point in the closing, we should



have the picture of the three parties. Texas Eastern has issued the check.

By Mr. Deakins:

Q. Will have issued the check. A. This is at closing. I am assuming we are at closing. Texas Eastern will have issued the check. Texas Eastern has assumed the responsibilities as the owner of the leases. Louisiana Gas received the check from Texas Eastern, issued a check in the same amount to the present owners of the leases. So it is of no consequence what the assets of Louisiana Gas Corporation are.

1659

The present owners of the leases have transferred all of their rights in these leases through Louisiana Gas Corporation, and into Texas Eastern. Louisiana Gas Corporation has no continuing interest whatsoever in these properties.

The present owners of the leases end up with the three considerations that we said were negotiated in making this arrangement. Number One, they have got the check for the cash; Number Two, they have the obligations of Louisiana Gas Corporation on the notes, which obligations are recognized by Texas Eastern as obligations against the property; and, Thirdly, they have retained the production payment out of the liquids.

Q. All right. Now, Mr. Jacobs, after the date of the closing, when these documents have been executed, and the money transferred, will Louisiana Gas have anything to do with the properties after that time? A. Nothing whatsoever.

Mr. Huntsman: Object to this, Mr. Examiner.

Presiding Examiner: Well, the record will speak for itself on that, I think. The documents will speak for themselves.

Mr. Deakins: I think that is right. But you know I want to obviate any claim—

Presiding Examiner: I think I am going to leave what the



(1659)

witness has said stand. But let's not get into this any further. I think we are getting a little far afield here.

1660

Mr. Deakins: I didn't intend to go into——

Presiding Examiner: All right.

By Mr. Deakins:

Q. Then, ——

Presiding Examiner: Are you almost done with your direct testimony?

Mr. Deakins: Yes, sir, I have about two questions.

Presiding Examiner: All right, because we have gone past our usual recess time.

By Mr. Deakins:

Q. I understood your testimony to be, Mr. Jacobs, that the title of these leases, the legal title of these leases will then be in Texas Eastern Transmission Corporation. A. That is correct.

Q. Now, are there going to be any strings tied on to that transfer of that title? I mean is it a clear transfer of title? A. It is a clear transfer of title.

Q. Subject to anything? A. Well, it is subject to the obligations under the assignment and conveyance.

Q. What obligations are we referring to now? Whose obligations? A. The obligations under the assignment and conveyance that have to do with the production payment, which will have to be

1661

made by Texas Eastern.

Presiding Examiner: It is also subject to any provisions for security that are contained in the mortgage?

The Witness: That is correct.

(A2090)

**A2089**

Docket No. G-12446  
Exhibit No. H(v)(4)  
Hearing Ex. No. 3-f

**CONTINENTAL OIL COMPANY**  
**(Rayne Field)**

**Contract**

**2-1-57**

**A2090**

Texas Eastern Contract #887  
Rayne Field  
Acadia Parish, Louisiana  
February 1, 1957

**CONTINENTAL OIL COMPANY**  
**AND**

**TEXAS EASTERN TRANSMISSION CORPORATION**

**GAS PURCHASE CONTRACT**

**Article**

<b>I</b>	<b>Initial Provisions</b>
<b>II</b>	<b>Seller's Reservations</b>
<b>III</b>	<b>Quantity of Gas</b>
<b>IV</b>	<b>Point of Delivery</b>
<b>V</b>	<b>Pressure</b>
<b>VI</b>	<b>Measuring Stations</b>
<b>VII</b>	<b>Measurements</b>
<b>VIII</b>	<b>Quality of Gas</b>
<b>IX</b>	<b>Price</b>
<b>X</b>	<b>Billing and Payment</b>
<b>XI</b>	<b>Force Majeure</b>
<b>XII</b>	<b>Default</b>
<b>XIII</b>	<b>Term</b>
<b>XIV</b>	<b>Warranty of Title</b>
<b>XV</b>	<b>Arbitration</b>
<b>XVI</b>	<b>Addresses</b>
<b>XVII</b>	<b>Miscellaneous</b>

(A2091)

**A2091**

This Agreement, made and entered into as of the 1st day of February, 1957, by and between CONTINENTAL OIL COMPANY, hereinafter referred to as "Seller", and TEXAS EASTERN TRANSMISSION CORPORATION, hereinafter referred to as "Buyer",

*Witnesseth, That:*

WHEREAS, Buyer owns and operates a natural gas transmission system; and

WHEREAS, Seller owns interests in oil, gas and mineral leaseholds and/or lands which are or may be productive of gas, situated in the Rayne Field in Acadia Parish, Louisiana, described in Exhibit "A", attached hereto, and shown within the hatched lines on the map attached hereto as Exhibit "B", both of which exhibits are made a part hereof; and

WHEREAS, Seller desires to sell such gas to Buyer and Buyer desires to purchase same to meet a portion of the requirements of its gas transmission system; and

WHEREAS, the parties hereto have agreed that the following terms shall be construed to have meanings as follows:

1. The term "day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at eight o'clock a.m. Central Standard Time.

2. The term "month" shall mean a period beginning at eight o'clock a.m. on the 1st day of a calendar month and ending at eight o'clock a.m. on the 1st day of the next succeeding calendar month.

3. The term "year" shall mean a period of twelve (12) months beginning on November 1st of each year, provided that if initial deliveries hereunder are not initially com-

menced on November 1st of any year, then the period from the commencement of initial deliveries hereunder to the succeeding November 1st shall be treated as a year hereunder except that any obligation based on a full year period shall be reduced in the proportion that such shorter period bears to a twelve (12) months period.

**A2092**

4. The term "gas" shall mean natural gas including both gas well gas and casinghead gas, and the residue gas therefrom, of the quality described in Article VIII hereof.

5. The term "MCF" shall mean one thousand (1,000) cubic feet of natural gas on the measurement basis set forth in Article VII hereof.

6. The term "Seller's Gas Reserve" shall mean the estimated total quantity of economically recoverable gas, attributable to Seller's interest, which will be available for delivery to Buyer hereunder, and contained in the portions of the various gas and/or oil bearing formations or reservoirs down to and including the Nodosaria "A" sand which underlie the leaseholds and/or lands owned or controlled by Seller described in Exhibit "A" and "B" attached hereto, and covered by this Agreement on the date of any estimate or determination of Seller's Gas Reserve, plus the total quantity of gas delivered by Seller to Buyer in accordance with this contract after the date of initial delivery of gas hereunder.

7. The term "Seller's Delivery Capacity" shall mean the maximum quantity of gas, attributable to Seller's interest, which can be withdrawn daily (subject to any valid rules, orders and regulations of any State or Federal regulatory body and without injury to the reservoir or wells as determined in Seller's discretion) from the above mentioned formations or reservoirs underlying the leaseholds

**(A2092)**

and/or lands of Seller covered by this Agreement and which is available for delivery to Buyer at the point or points of delivery hereunder at the pressure provided for in Article V hereof.

8. The term "Daily Contract Quantity" shall mean the quantity of gas per day, averaged over each year, which Buyer is required, by the provisions of Article III hereof, to purchase from Seller hereunder.

9. "Nodosaria 'A' Sand", as used herein, shall be defined and construed as meaning that sand established at a depth of 13,650 feet to 13,890 feet on the basis of the electric log dated October 25, 1954, of the Mrs. Telice G. Petitjean No. 1 well located in Section 1, Township 9 South, Range 2 East, Rayne Field, Acadia Parish, Louisiana, and indicated to be productive of gas and/or condensate at said depth, and correlatives of such sand.

### **A2093**

Now, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto do hereby covenant and agree as follows:

#### **I. INITIAL PROVISIONS**

1. Subject to all of the terms, conditions and limitations hereinafter set forth, Seller agrees to sell and deliver or cause to be delivered to Buyer, and Buyer agrees to purchase and take from Seller, gas in the quantities hereinafter provided which may be produced from Seller's Gas Reserve.

2. Each of the parties hereto agrees to proceed with diligence in a good faith effort to obtain such governmental authorizations and certificates of public convenience and necessity as may be necessary to enable it to perform its other obligations under this Agreement.

**(A2094)**

(a) If all such governmental authorizations and certificates of public convenience and necessity have not been received upon terms entirely satisfactory to both parties hereto and have not been accepted by each party as to its respective authorizations and certificates on or before September 1, 1957, then either party may at its election, at any time thereafter prior to the time such authorizations and certificates have been approved and accepted by both parties, terminate and cancel this contract. If a party wishes to cancel, it shall give a notice of cancellation fixing a date for termination no earlier than thirty (30) days from the time of giving notice. Such proposed termination date shall be the effective date

**A2094**

of termination unless prior thereto both parties shall have approved all authorizations and certificates and each shall have accepted its own, in which case the notice of cancellation shall be considered withdrawn, void, and without effect from the time of giving thereof. Each party shall inform the other promptly of any action by it which constitutes approval, acceptance or rejection of such authorizations and certificates of public convenience and necessity. For the purpose of this Paragraph 2, a "temporary certificate," within the meaning of that term as used in the Natural Gas Act shall not be considered a certificate of public convenience and necessity sufficient to enable a party to perform its obligations under this Agreement.

(b) Neither party shall be obligated to take further action or to participate in the effort of either party to obtain governmental authorizations and certificates of public convenience and necessity after September 1, 1957 unless it elects to do so, and then only so long as it may choose to continue to do so, and without liability either party may withdraw its applications for such certificates and authori-



**(A2094)**

zations and take no further action with respect thereto at any time after such date.

(c) If at any time there should be a change in the applicable law with respect to any such governmental authorizations and certificates of public convenience and necessity relieving either party hereto in any particular of a requirement or necessity theretofore existing with respect to obtaining governmental authorizations and certificates or giving such party privileges of election with

**A2095**

respect to further proceeding not permitted at the time of execution of this contract or of the institution of its applications in accordance herewith, then such party may without liability hereunder exercise any such election or otherwise modify, alter or withdraw its said applications in accordance with such change in the applicable law without otherwise altering or affecting its remaining obligations hereunder.

3. Upon acceptance by both Buyer and Seller of the necessary governmental authorizations and certificates of public convenience and necessity referred to above, Seller agrees to commence and prosecute with due diligence the construction of the delivery facilities necessary to enable Seller to deliver at the point or points of delivery herein-after specified the quantities of gas contemplated by this Agreement, and Buyer agrees to commence construction of and prosecute with due diligence to completion the facilities necessary to enable Buyer to receive such gas at said point or points of delivery within seven (7) months after receipt and acceptance of the governmental authorizations and certificates of public convenience and necessity referred to above. Buyer's obligation to take and pay for, or pay for if available and not taken, the Daily Contract Quantity provided for in Article III hereof shall com-

**(A2096)**

mence at the expiration of said seven (7) month period or at such time thereafter as Seller has completed the construction of Seller's delivery facilities and is ready and able to deliver such quantities of gas; provided, however, if Buyer is delayed by force majeure in the construction of Buyer's facilities, then the time specified above for the commencement of Buyer's said take or pay for obligation shall be extended for the number of days Buyer is so delayed; provided further, that if the time for the commencement of such take or pay for

**A2096**

obligation shall be extended for a period in excess of one hundred fifty (150) days by reason of force majeure affecting Buyer in the construction of its facilities, then, at any time after the expiration of said one hundred fifty (150) day period and prior to the completion of the construction of Buyer's facilities, Seller shall have the right to terminate and cancel this contract by giving written notice to Buyer of its intention to cancel this Agreement at least thirty (30) days in advance of such proposed date of cancellation, and upon the date of such cancellation both parties shall be relieved of further obligations hereunder; provided, however, if prior to the expiration of such notice period, Buyer shall either (i) complete the construction of Buyer's facilities and advise Seller of its readiness to commence the receipt of gas hereunder, or (ii) commence paying for the Daily Contract Quantity provided for in Article III hereof effective as of the date of receipt of such notice of cancellation, then such notice of cancellation shall be voided. Any payments made by Buyer pursuant to this Paragraph 3 in advance of the initial delivery of gas hereunder shall be made monthly at the time and at the prices provided for herein as if the Daily Contract Quantity of gas were actually being delivered. If, pursuant to this Paragraph 3, Buyer pays Seller for gas not taken,

**(A2096)**

then, Buyer shall have the right to make up for the quantity of gas so paid for by taking gas in excess of the annual quantity of gas Buyer is obligated to take or pay for during any year or years of the first five (5) years of the primary term of this Agreement following the date of initial delivery of gas hereunder. Buyer shall not be required to pay Seller for such make up gas for which payment shall already have been made except that if the weighted average price per MCF hereunder during any

**A2097**

year in which the make up gas is taken exceeds the weighted average price per MCF paid by Buyer for the quantity of gas not taken, then Buyer shall pay to Seller for such make up gas the difference between said average prices.

4. It is recognized that in order to take deliveries of the full quantities of gas contemplated by this Agreement, it will be necessary for Buyer to construct (i) a lateral pipeline to the point of delivery hereunder and (ii) facilities to increase the capacity of its existing main 30-inch transmission pipeline. Buyer may be able, but shall not be obligated, to complete the construction of such lateral pipeline prior to the completion of said facilities on its main transmission pipeline. When and if Buyer shall have completed such lateral pipeline, Seller may elect to commence interim deliveries of gas hereunder pending the completion of the construction of the facilities on Buyer's main transmission pipeline. Upon receipt of written notice of such election, Buyer shall promptly purchase and receive interim deliveries in such quantities as Buyer may require from time to time within the capacity of its then existing 30-inch main transmission line to meet its existing and future gas sales markets after satisfaction of its existing and future gas purchase and supply rights and obligations; provided, that Seller shall sell and deliver to Buyer and

Buyer shall take and pay for, or pay for if available and not taken, not less than sixteen thousand seven hundred seventy-four (16,774) MCF per day averaged over each month or fraction thereof during the period

**A2098**

of such interim deliveries. If Buyer pays Seller for any gas not taken during the period of such interim deliveries, Buyer shall have the same make up privileges with respect to the quantities of gas so paid for but not taken as are set forth in Paragraph 3 of this Article I. Such interim deliveries shall be sold and purchased at the price in effect under this Agreement at the time such interim deliveries are made and in accordance with all the other applicable terms and provisions of this Agreement except that it is specifically understood and agreed that any such interim deliveries of gas hereunder shall not be considered as constituting the initial delivery of gas hereunder and the provisions of Article III hereof shall be inapplicable and of no force or effect with respect to such interim deliveries. The quantities of interim deliveries taken and paid for by Buyer shall be credited against any take or pay for obligation prior to the initial delivery of gas hereunder which may arise pursuant to the provisions of Paragraph 3 of this Article I.

5. The initial delivery of gas hereunder shall commence upon the date of completion of construction of the facilities of both Buyer and Seller necessary to deliver and receive the quantities of gas contemplated by Article III hereof.

6. If for any reason, including force majeure, Buyer shall be unable to commence receiving initial deliveries of gas hereunder within twelve (12) months from the date of commencement of Buyer's take or pay for obligations under Paragraph 3 of this Article I, then at any time thereafter and prior to the time Buyer is ready to commence

**(A2099)**

**A2099**

receiving initial deliveries of gas hereunder, Seller shall have the right to terminate and cancel this Agreement by giving written notice to Buyer at least thirty (30) days' prior to such proposed date of cancellation; provided, however, if prior to the expiration of such notice period Buyer shall complete the construction of its facilities and announce its readiness to commence the receipt of gas hereunder, such notice of cancellation shall be voided. In the event such notice of cancellation is not voided, then within thirty (30) days after such date of cancellation Seller shall pay to Buyer the total of all amounts theretofore paid by Buyer to Seller for gas not taken hereunder less the total of all amounts expended by Seller in order to maintain leases during the period in which such take or pay obligations were incurred.

**II. SELLER'S RESERVATIONS**

Seller expressly reserves unto Seller and to Seller's successors and assigns, the following prior rights with respect to its interest in the leaseholds and/or lands subject hereto, together with sufficient gas to satisfy such rights:

1. To operate Seller's said leaseholds and/or lands subject hereto free from any control by Buyer in such manner as Seller, in Seller's sole discretion, may deem advisable including without limitation, the right, but never the obligation, to drill new wells, to repair and rework old wells, renew or extend, in whole or in part, any lease subject hereto, and to abandon any well or surrender any lease, in whole or in part, when no longer deemed by Seller to be capable of producing gas in paying quantities under normal methods of operation.

**A2100**

2. To process, or to have processed for it, the gas to be delivered hereunder for the recovery of ethane and heavier

(A2101)

liquid and liquefiable hydrocarbons together with such methane as cannot be separated from such ethane and heavier liquid and liquefiable hydrocarbons under normal operation of any conventional processing facilities which Seller may from time to time install; provided, however, that the volume of ethane so reserved to Seller together with such methane as it not separated from ethane and heavier liquid and liquefiable hydrocarbons shall not exceed a daily average of eight percent (8%) of the volume of Seller's gas delivered to the processing plant during any month. The residue gas delivered to Buyer shall meet the quality specifications set forth in Article VIII hereof.

3. To use gas for fuel in the optertaion of any plant in which the gas is processed, for developing and operating Seller's leaseholds and/or lands subject hereto and Seller's other leaseholds and/or lands located within five (5) miles of any leaseholds and/or lands subject hereto including without limitation, gas for gas lift operations in a closed system or systems, for operation of Seller's pipe lines, water stations, camps, compressor facilities, and other miscellaneous uses incident to such operations, and to fulfill obligations to Seller's lessors. The requirement that use of gas for gas lift shall be limited to use in a closed system shall not apply to quantities less than seven hundred fifty (750) MCF per day used for gas lift on the leaseholds and/or lands subject hereto.

#### A2101

4. To use the gas for repressuring, pressure maintenance and cycling operations with respect to the formations or reservoirs down to and including the Nodosaria "A" sand underlying the leaseholds and/or lands described in Exhibit "A" attached hereto; provided that in the event Seller shall exercise such right, then Buyer shall have the right to extend the term of this Agreement for a period of time sufficient to enable Buyer to purchase and



**(A2101)**

receive hereunder at the rate of withdrawal provided in Article III hereof, the total quantity of gas which would have been sold and delivered hereunder during the primary term hereof in the absence of such repressuring, pressure maintenance or cycling operations. The gas to be furnished to make up such deferred volumes of gas shall be delivered by Seller and purchased by Buyer under the price and other provisions of this Agreement in effect at the time of the delivery and receipt thereof. The volume of deferred gas to be so delivered shall be equal to the difference between (i) the total volume Buyer would have been entitled to receive hereunder during the period in which such operations were conducted had no gas been used for such operations, less the quantities of gas lost or consumed through shrinkage and use as plant fuel or heater fuel in such repressuring, pressure maintenance or cycling operations and (ii) the total volume of gas actually received by Buyer during such period.

**A2102**

In making the above calculations, there shall be included in item (ii) the full volume of gas actually received during this period by Buyer, whether delivered in accordance with all of the provisions hereof or not, and there shall not be included in item (i) any quantity or quantities available for delivery hereunder which Buyer may have failed to receive for reasons other than Seller's use of same in the above operations.

5. To deliver gas as an accommodation to other operators in or near the Rayne Field for the purpose of drilling or reworking wells; provided, however, the sale of such gas shall not preclude Seller from delivering gas to Buyer in the quantities herein specified.

6. To form or to participate in the formation of any unit which may include all or any part of the leaseholds

(A2103)

and/or lands subject hereto and thereafter to increase, decrease, alter or revise any unit so formed so as to combine and unitize such leaseholds and/or lands with properties owned by others, provided that this Agreement shall continue to apply to the interest of Seller in any such unit attributable to the leaseholds and/or lands subject thereto.

7. To sell gas to others or to take same in kind and dispose thereof in such quantity as Seller may elect prior to date of initial delivery hereunder, or thereafter during such periods as force majeure affecting Buyer in excess of fifteen (15) days is applicable hereunder. If a period of notice is required to

### A2103

terminate any agreement for the sale of gas to others, or any agreement with respect to the taking of same in kind, Seller reserves all volumes of gas required to be delivered during the period of such notice but in no event shall the sale of gas to others or the taking of same in kind continue for a period in excess of sixty (60) days following the date upon which Buyer gives written notice to Seller that it is able to take initial delivery or resume taking delivery of gas hereunder, as the case may be.

8. Nothing herein shall be construed to require Seller to produce any well or wells in a manner which would not constitute good operating practice or in excess of the maximum efficient rate of flow of such well or wells or in any other manner which would cause waste of oil or gas, or which, in the discretion of Seller, would be deemed capable of causing injury to the wells or reservoirs. Seller may also withhold or limit deliveries of gas to Buyer from reservoirs containing an oil rim.

### III. QUANTITY OF GAS

1. Seller has made available to Buyer data regarding the productive status of its leaseholds and/or lands described

**(A2103)**

in said Exhibit "A", and Seller agrees to make a good faith effort to keep Buyer informed as to any reductions of the leaseholds and/or lands covered by this Agreement and any substantial changes in the productive status of any such leaseholds and/or lands.

**A2104**

2. Seller and Buyer have determined by joint study that Seller's Gas Reserve amounts to four hundred twenty-four million three hundred seventy-six thousand (424,376,000) MCF of gas. From time to time after the date hereof but not more often than once in any two (2) year period, upon request of either party, Seller and Buyer will conduct a joint study of Seller's Gas Reserve to redetermine same. Buyer may, at its election, include in such study any other sellers of gas to Buyer from any wells producing gas in the Rayne Field under contracts providing for determination of such other sellers' gas reserves by similar studies. If Buyer and all sellers included in such study are unable to agree upon the quantity of Seller's Gas Reserve or that of any other seller to Buyer within ninety (90) days after receipt of request for such joint study, then the determination of such reserve in dispute shall be submitted to and determined by arbitration in the manner provided in Article XV hereof. Each such redetermination shall be effective as of the date agreed upon or the date fixed by arbitration, whichever shall occur later and shall remain in effect until superseded by a later redetermination.

3. (a) Subject to the provisions of this Agreement Seller agrees to sell and deliver to Buyer and Buyer agrees to take and pay for, or pay for if available and not taken, the Daily Contract Quantity hereinafter provided for in this Article III averaged over each year of the term of this Agreement. Until increased or decreased pursuant to the

**A2105**

provisions of this Article III, the Daily Contract Quantity hereunder shall be fifty-eight thousand one hundred thirty-four (58,134) MCF of gas.

(b) If at any time during the term hereof the quantity of gas in Seller's Gas Reserve, as shown by the estimate or determination thereof then in effect in accordance with the provisions of this Article III hereof, shall exceed or shall be less than a quantity equal to seven million three hundred thousand (7,300,000) MCF of gas for each one thousand (1,000) MCF of the Daily Contract Quantity then in effect under the provisions of this Article III, then the Daily Contract Quantity shall be increased or decreased, as the case may be, to a quantity of gas equal to one thousand (1,000) MCF for each seven million three hundred thousand (7,300,000) MCF of gas so estimated or determined to be contained in Seller's Gas Reserve; provided that if Seller's Delivery Capacity (unless reduced by unavoidable accident as hereinafter defined) is then less than one hundred and twenty-five percent (125%) of the Daily Contract Quantity thus determined, such Daily Contract Quantity shall be reduced to a quantity equivalent to eighty percent (80%) of Seller's Delivery Capacity.

(c) If for any period of sixty (60) consecutive days Seller's Delivery Capacity shall be less than one hundred and twenty-five percent (125%) of the Daily Contract Quantity then in effect hereunder (and such condition shall not be the result of unavoidable accident as hereinafter defined), Buyer shall have the right by serving written notice upon Seller to reduce the Daily Contract Quantity then in effect hereunder in proportion to the reduction in Seller's Delivery Capacity below a quantity equal to one

## A2106

hundred and twenty-five per cent (125%) of such Daily Contract Quantity. Thereafter such reduced Daily Contract Quantity shall be in effect unless and until further reduced or increased in accordance with the provisions of this Article III. In the event of a reduction in the Daily Contract Quantity pursuant to the provisions of this Subparagraph (c), Seller shall have the right at any time while such reduction in Daily Contract Quantity is in effect to request a new test of Seller's Delivery Capacity, and if such test shall establish that Seller's Delivery Capacity has been increased since the last test, then the Daily Contract Quantity shall be increased by a quantity equal to eighty per cent (80%) of the increase in Seller's Delivery Capacity up to but not in excess of an increased Daily Contract Quantity equal to the Daily Contract Quantity in effect prior to such reduction, or as fixed during the period of reduction by a redetermination of Seller's Gas Reserve.

4. Seller's Delivery Capacity shall be determined (i) at the time of each estimate or determination of Seller's Gas Reserve pursuant to Paragraph 2 of this Article III, (ii) at such times as requested by Seller pursuant to Subparagraph (c) of Paragraph 3 of this Article III, and (iii) at such other times, not more frequently than twice in any twelve (12) month period, as requested by Buyer or Seller. Each determination shall be made by actual measurement or test conducted over a period of time not to exceed ten (10) days of the quantities of gas Seller can legally produce and deliver into Buyer's pipe line pursuant to the terms of this Agreement up to one hundred twenty-five per cent (125%) of the total of the Daily Contract Quantity then in effect and any increase in such Daily Contract Quantity then under consideration pursuant to the terms of this Agreement.

**A2107**

5. For the purposes of this Article III, the term "unavoidable accident" shall mean acts of God, strikes, lockouts, or other industrial disturbances, act of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to wells, machinery, or lines of pipe, the necessity for making repairs or alterations thereto, freezing of wells or lines of pipe, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of Seller; provided, however, that said term shall not mean or include any cause which by the exercise of due diligence Seller is able to overcome; and provided, further, that in no event shall said term mean or include partial or entire failure or depletion of gas wells or sources of supply of gas. It is understood and agreed, however, that the settlement of strikes or lockouts shall be entirely within the discretion of Seller and that any obligation, express or implied, on the part of Seller to remedy any "unavoidable accident", if within Seller's control, with reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of opposing party when such course is inadvisable in Seller's discretion.

6. Seller recognizes that due to operating conditions, varying market demands and the difficulty of apportioning receipts of gas from various sources, Buyer may not be able to take gas from Seller during any definite period at exactly constant rates. Buyer shall, however, maintain as nearly a constant rate of takings of the quantities provided for in this Article III

**A2108**

as practicable and subject to the other provisions hereof shall balance deficit takings from Seller under this Agree-



**(A2108)**

ment by excess takings from Seller hereunder as soon as practicable after such variations shall have occurred and shall have been ascertained, and Buyer may balance excess takings from Seller hereunder by curtailed takings from Seller hereunder. It is further agreed that:

(a) Buyer shall take actual delivery of all gas legally produced from oil wells and tendered as such by Seller.

(b) Buyer shall take actual delivery during each month of an average daily quantity of gas equal to not less than fifty percent (50%) of the Daily Contract Quantity then in effect, including therein the quantities taken under Subparagraph (a) of this Paragraph 6 of Article III.

(c) Buyer shall take and pay for, or pay for if available and not taken, an average daily quantity of gas during each month equal to not less than seventy-five percent (75%) of the Daily Contract Quantity then in effect.

(d) Seller shall not be obligated to deliver in any day a quantity of gas in excess of one hundred and twenty-five percent (125%) of such Daily Contract Quantity then in effect hereunder.

(e) Subject to the other provisions hereof, nothing herein contained shall prevent Buyer from purchasing from Seller hereunder at any time quantities of gas greater than the Daily Contract Quantity then in effect hereunder, provided that any quantities in excess of one hundred and twenty-five percent (125%) of the Daily Contract Quantity shall be delivered solely at Seller's election when requested by Buyer.

**A2109**

7. In the event Buyer is required by the provisions of this Agreement to pay Seller for a quantity of gas which Buyer shall not have actually taken during any year of the term hereof, then to the extent that Buyer's deficient

**(A2110)**

takings during such year are not the result of reductions in average daily takings below seventy-five per cent (75%) of the Daily Contract Quantity during any month or months, Buyer may make up for such deficient takings during the next succeeding year of the term hereof by applying against such deficiency the gas taken during such succeeding year in excess of the quantity of gas Buyer is obligated to take or pay for during such year. Buyer shall not be required to pay Seller for gas applied in any year against a deficiency which shall have arisen during the previous year and for which payment shall already have been made, except that if the weighted average price per MCF hereunder during the year in which the make-up gas is taken exceeds the weighted average price per MCF in effect during the year in which the deficiency arose, then Buyer shall pay to Seller for such make-up gas the difference between said average prices. During any year in which Buyer may be entitled to make up gas, no credit shall be given therefor until Buyer has taken the total Daily Contract Quantity required to be taken for such contract year.

8. It is understood and agreed that nothing in this Agreement shall be construed to require Buyer to purchase and receive from Seller or pay Seller for a quantity of gas in excess of the total quantity of gas per day which the wells on the leaseholds and/or lands covered by this Agreement may produce at their respective allowable rates of flow under the

**A2110**

applicable rules, regulations and orders or regulatory bodies having jurisdiction.

9. If at any time or times the Daily Contract Quantity hereunder is insufficient to enable Seller to protect the formations or reservoirs covered hereby and underlying

**(A2110)**

the leaseholds and/or lands described in Exhibit "A" from drainage by other operators producing from the same common formations or reservoirs by maintaining ratable withdrawals with such other operators pursuant to the applicable rules and regulations of any regulatory body having jurisdiction and Seller is unable to adjust deliveries between reservoirs to prevent such drainage, then upon the written request of Seller, the Daily Contract Quantity hereunder shall be increased during the period of time such condition exists to such quantity of gas as will enable Seller to prevent such drainage.

#### **IV. POINT OF DELIVERY**

1. The point of delivery of the gas hereunder shall be the outlet of Seller's meter located in the south half of Section 47, Township 9 South, Range 2 East, Acadia Parish, Louisiana; provided, however, if Seller elects to process such gas or have same processed at a plant located upon said tract the point of delivery shall be the outlet of Seller's meter located at or near the tailgate of the processing plant.

2. As between the parties hereto, Seller shall be in control and possession of the gas deliverable hereunder and responsible for any damage or injury caused thereby until the same shall have been delivered to Buyer, after which delivery Buyer shall be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby.

**A2111**

#### **V. PRESSURE**

1. The gas to be delivered hereunder shall be delivered by Seller into Buyer's transmission line at the point of delivery against the pressure existing therein from time to time at said point of delivery, up to but not in excess of one thousand (1,000) pounds per square inch gauge.

**(A2112)**

Neither party shall be obligated to install or operate compression facilities in order to deliver or receive gas hereunder. In the event compression facilities are required from time to time to deliver or receive gas hereunder from any well or wells, Seller shall advise Buyer in writing as to the producing formation and well or wells requiring such compression facilities and shall notify Buyer whether it will install and operate the necessary compression facilities in order to deliver such gas hereunder. If Seller advises Buyer that it will not install such compression facilities, then Buyer shall advise Seller in writing within sixty (60) days after receipt of Seller's written notice whether Buyer will install and operate same. In the event Buyer does not install such compression facilities within a reasonable time after receiving notice from Seller that Seller will not install such compression facilities, Buyer shall release by written instrument from the terms and provisions of this Agreement such producing formation underlying the acreage attributable to the well or wells requiring compression and with respect to which such notice was given. In the event either party elects to install compression facilities, such party shall have the right at any time thereafter to discontinue the operation of such compression facilities upon sixty (60) days' prior written notice to the other party. If the other

**A2112**

party does not serve written notice of its election to install and operate substitute compression facilities within said sixty (60) day period, then the producing formation with respect to which such compression facilities were being operated underlying the acreage attributable to the well or wells requiring compression shall be released from the terms and provisions of this Agreement.

2. Seller shall make reports to Buyer, as often as may reasonably be required by Buyer, of the pressure at which

**(A2113)**

the gas is being delivered hereunder and the rate of such deliveries. Seller shall have agents or employees available at all times to receive from Buyer's dispatchers advices and requests for changes in the rates of delivery of gas hereunder as required by Buyer from time to time.

**VI. MEASURING STATIONS**

1. Seller shall install, maintain and operate, at Seller's own expense, at or near the point of delivery, a measuring station properly equipped with orifice meters, flange connections, orifice plates, and other necessary equipment by which the volume of gas delivered hereunder shall be measured. Orifice meters shall be installed, maintained and operated in accordance with Gas Measurement Committee Report No. 3, including the appendix thereto, dated April, 1955, of the American Gas Association. Buyer shall have access to such metering equipment at reasonable hours, but the reading, calibrating and adjusting thereof and the changing of charts shall be done only by Seller.

2. Buyer may install, maintain and operate, at its own expense, such pressure regulators and check measuring equipment as it shall desire

**A2113**

and Seller, to the extent that Seller has the right to do so, hereby grants to Buyer the right to install, maintain and operate such equipment in Seller's measuring station or stations, provided that such equipment shall be so installed as not to interfere with the operation of Seller's measuring equipment. Seller shall have access to such check measuring equipment at reasonable hours, but the reading, calibrating and adjusting thereof and the changing of charts shall be done only by Buyer.

3. Each party shall have the right to be present at the time of any installing, reading, cleaning, changing, repair-

(A2114)

ing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring deliveries hereunder. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.

4. In the event Seller's metering equipment is out of service, or registering inaccurately, the volume of gas delivered hereunder shall be estimated:

(a) By using the registration of Buyer's check measuring equipment if installed and accurately registering, or in the absence of (a);

(b) By correcting the error if the percentage of error is ascertainable by calibration, test, or mathematical calculation or, in the absence of both (a) and (b), then;

(c) By estimating the quantity of delivery by deliveries during periods under similar conditions when the meter was registering accurately.

**A2114**

5. At least once each month Seller shall verify the accuracy of Seller's measuring equipment and Buyer shall verify the accuracy of its check measuring equipment. If either party shall notify the other that it desires a special test of any measuring equipment, the parties shall cooperate to secure a prompt verification of the accuracy of such equipment. If either party at any time observes a variation between Seller's measuring equipment and Buyer's check measuring equipment, it will promptly notify the other party thereof and both parties will then cooperate to secure an immediate verification of the accuracy of such equipment. Each party shall give to the other notice of the



## **(A2114)**

time of all tests of measuring equipment reasonably in advance of the holding of such tests in order that the other party may conveniently have its representative present.

6. If, upon test, any measuring equipment, including recording calorimeter, if installed, is found to be in error by not more than one percent (1%), previous records of such equipment shall be considered accurate in computing deliveries hereunder; but such equipment shall be adjusted at once to record correctly. If, upon test, any measuring equipment shall be found to be inaccurate by an amount exceeding one percent (1%), at a recording corresponding to the average hourly rate of flow for the period since the last preceding test, then any previous recordings of all measuring equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon

## **A2115**

such correction shall be for a period extending over one-half ( $\frac{1}{2}$ ) of the time elapsed since the date of last test, not exceeding a correction period of sixteen (16) days.

7. Each party shall preserve for a period of at least six (6) years all test data, charts and other similar records.

## **VII. MEASUREMENTS**

1. The term "MCF" shall mean one thousand (1,000) cubic feet, which quantity shall be the sales unit hereunder.

2. The volume of the gas delivered hereunder shall be determined as follows:

(a) The Unit of volume for the purpose of measurement shall be one (1) cubic foot of gas at a base temperature of sixty (60) degrees Fahrenheit and at a pressure of fifteen and twenty-five thousandths (15.025) pounds

(A2116)

per square inch absolute. Computation of volumes shall be made in accordance with the provisions of Louisiana R. S. 55:151-156, known as the "Standard Gas Measurement Law" of the State of Louisiana.

(b) The average absolute atmospheric pressure shall be assumed to be fourteen and seven-tenths (14.7) pounds to the square inch, irrespective of actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

(c) The temperature of the gas passing the meters shall be determined by the continuous use of a recording thermometer so installed that it may properly record the temperature of the gas flowing through

**A2116**

the meters. The arithmetical average of the temperature recorded each twenty-four (24) hour day shall be used in computing gas volumes for that date.

(d) Unless the parties hereto agree to the use of a spot test method, the specific gravity of the gas delivered hereunder shall be determined by the continuous use of an Acme recording gravitometer, or other standard gravitometer agreed upon by the parties hereto, so installed that it may properly record the specific gravity of the gas flowing through the meters. The arithmetical average of the specific gravity recorded each twenty-four (24) hour day shall be used in computing gas volumes for that date. If the parties hereto agree to the use of a spot test method, such spot test shall be made with an Edwards type of gas balance, or by such other method as shall be agreed upon between the parties. If the spot test method is used, the specific gravity of the gas delivered hereunder shall be determined once monthly, or as much oftener as is found necessary in practice. The regular monthly test

**(A2116)**

shall be taken at or near the end of each month and shall determine the specific gravity to be used in computation for the measurement of natural gas delivered during the next succeeding month or until changed by special test; the special test to be applicable from the day made through the remaining days in such month.

(e) The deviation of the gas from Boyle's Law at the pressures, temperatures, and specific gravities under which the gas is delivered hereunder, shall be read from the A. G. A. convenient operating tables of "Supercompressibility Factors for Natural Gas" which have been

**A2117**

developed from the basic tables contained in the A. G. A. Gas Measurement Committee Report No. 3. The accuracy of the basic tables shall be determined once a year, or more frequently when agreed to by the parties, by actual test using the Bureau of Standards type of equipment. When the deviation factors determined by actual tests agree with the basic factors within a tolerance of plus or minus two-tenths of one percent (0.2%) over the range of metering conditions, the basic table factors shall be used in computing the volume of gas delivered. When the deviation factors determined by actual tests do not agree with the basic factors within the prescribed tolerance, then beginning with the next billing period after the results of such actual tests adjustment of the basic factor for diluents based upon a chemical analysis of the gas involved, as provided in A. G. A. Gas Measurement Committee Report No. 3, shall be made, and such adjusted factors shall be used in computing the volume of gas delivered until additional tests have been made; provided the adjusted factors agree with the factors determined by actual tests within the prescribed tolerance. When the deviation factors determined by actual tests do not agree

(A2118)

with the adjusted factors within said tolerance, then beginning with the next billing period after the results of such tests, the actual test results shall be used in computing the volume of gas delivered until additional tests have been made.

#### VIII. QUALITY OF GAS

The gas delivered hereunder shall comply with the following quality requirements:

#### A2118

1. *Heating Value*: The gas delivered hereunder shall have a gross heating value of not less than one thousand (1,000) BTUs per cubic foot and in the event Seller, by processing, shall reduce the gross heating value below said required minimum, then Seller shall restore such heating value to one thousand (1,000) BTUs per cubic foot. If the heating value of any gas tendered by Seller for delivery, determined as hereinafter provided, shall be below one thousand (1,000) BTUs per cubic foot and said deficiency shall not be the result of processing by Seller, Buyer shall have the option to:

(a) Refuse to accept delivery of such gas until Seller shall restore the gross heating value required for delivery; provided that if Buyer refuses to accept delivery and Seller is unable or fails to restore the gross heating value, then upon ninety (90) days' written notice from Seller of its desire to withdraw from this contract such sources of gas deficient in heating value, it shall be privileged to do so unless Buyer thereupon elects to continue to accept delivery thereof under Section (b) below, which election shall be final as to such particular sources of gas covered by Seller's notice of intention to withdraw; or

(b) Accept delivery thereof at a correspondingly reduced purchase price, which reduction in price shall be

(A2118)

determined by multiplying the amount otherwise payable by a fraction whose numerator shall be the deficiency in heating value per cubic foot below one thousand (1,000) BTUs and whose denominator shall be one thousand (1,000). The reduction shall be reflected on the statement rendered for the month, and the net amount shown shall be paid by Buyer for gas delivered by Seller during the month.

## A2119

### *2. Determination of Heating Value:*

The total heating value of the gas in British thermal units per cubic foot shall be determined by Seller at intervals of not more than ninety (90) days by means of some approved method of general use in the gas industry. Buyer shall have the right to determine, at such time or times as it may desire, the total heating value of the gas in British thermal units per cubic foot by means of some approved method of general use in the gas industry. Each party shall conduct at its expense the test or tests made by it. Each party shall give to the other notice of the time of all tests for determining the British thermal unit content of the gas to be conducted by such party reasonably in advance of making the test in order that the other party may conveniently have its representative present. Should there be any material variance between tests by Buyer and by Seller, a joint test will be run and will be controlling, effective from the first day of the calendar month preceding such joint test. The British thermal unit content per cubic foot shall be determined for a cubic foot of gas at a temperature of sixty degrees (60°) Fahrenheit when saturated with water vapor and at an absolute pressure equivalent to thirty inches (30") of mercury at thirty-two degrees (32°) Fahrenheit.

(A2120)

3. *Other Specifications:* Seller agrees that the gas delivered hereunder:

(a) Shall be dehydrated by Seller and shall in no event have a water content in excess of seven (7) pounds of water per million cubic feet of gas measured at a pressure base of fourteen and seventh-three hundredths (14.73) pounds per square inch and at a temperature of sixty degrees (60°) Fahrenheit, as determined by dewpoint apparatus of a type approved by the Bureau of Mines.

**A2120**

(b) Shall not contain more than one (1) grain of hydrogen sulphide per hundred (100) cubic feet of gas as determined by qualitative test after the presence of hydrogen sulphide has been indicated by qualitative test, which shall consist of exposing a strip of white filter paper recently moistened with a solution of one hundred (100) grains of lead acetate in one hundred (100) cubic centimeters of water to be exposed to the gas for one and one-half (1½) minutes in an apparatus previously purged, through which the gas is flowing at the rate of approximately five (5) cubic feet per hour, the gas from the jet not impinging upon the test paper, and which qualitative test shall be deemed to be satisfied, if, after this exposure, the test paper is found not distinctly darker than a second paper freshly moistened with a solution not exposed to the gas.

(c) Shall not contain more than twenty (20) grains of total sulphur per one hundred (100) cubic feet of gas.

(d) Shall not contain in excess of:

(i) Three per cent (3%) by volume of carbon dioxide;



**(A2120)**

(ii) One per cent (1%) by volume of oxygen;  
or

(iii) Two-tenths (0.2) gallons per MCF of gas, of those certain liquefiable hydrocarbons commonly referred to as natural gasoline, as determined by absorption methods as prescribed from time to time by the Natural Gasoline Association of America.

4. Except as otherwise specifically provided to the contrary in this Article VIII, all measurements of gas required in this Article VIII shall be at a temperature of sixty degrees (60°) Fahrenheit and at an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch. In addition to meeting the above specifications, the gas delivered hereunder shall be commercially free from dust, gums, gum forming constituents, or other liquid or solid matter which might become separated from the gas in the course of transportation through pipe lines.

## **A2121**

### **IX. PRICE**

1. Subject to the provisions of Paragraphs 2 and 3 below, the price to be paid by Buyer to Seller for gas delivered to Buyer or required to be paid for hereunder shall be as follows:

22.6 cents per MCF until November 1, 1958;

23.0 cents per MCF from November 1, 1958, to November 1, 1959;

23.4 cents per MCF from November 1, 1959, to November 1, 1960;

23.8 cents per MCF from November 1, 1960, to November 1, 1961;

**(A2122)**

24.2 cents per MCF from November 1, 1961, to November 1, 1962;

24.6 cents per MCF from November 1, 1962, to November 1, 1963;

25.0 cents per MCF from November 1, 1963, to November 1, 1964;

25.4 cents per MCF from November 1, 1964, to November 1, 1965;

25.8 cents per MCF from November 1, 1965, to November 1, 1966;

26.2 cents per MCF from November 1, 1966, to November 1, 1967;

26.6 cents per MCF from November 1, 1967, to November 1, 1968;

27.0 cents per MCF from November 1, 1968, to November 1, 1969;

27.4 cents per MCF from November 1, 1969, to November 1, 1970;

27.8 cents per MCF from November 1, 1970, to November 1, 1971;

28.2 cents per MCF from November 1, 1971, to November 1, 1972;

**A2122**

28.6 cents per MCF from November 1, 1972, to November 1, 1973;

29.0 cents per MCF from November 1, 1973, to November 1, 1974;

29.4 cents per MCF from November 1, 1974, to November 1, 1975;

**(A2122)**

29.8 cents per MCF from November 1, 1975, to November 1, 1976;

30.2 cents per MCF thereafter.

2. Seller agrees to pay or cause to be paid all taxes, fees and assessments imposed on Seller with respect to the gas delivered hereunder prior to its delivery to Buyer, and Buyer agrees to pay or cause to be paid all taxes, fees and assessments imposed upon Buyer with respect to the gas delivered hereunder after its receipt by Buyer, provided, however, Buyer agrees to reimburse Seller for one hundred per cent (100%) of all sales, transaction, occupation, service, production, severance, gathering, transmission, export, or excise taxes, assessments, or fees levied, assessed, or fixed by the United States or any State or other Governmental authority and taxes of a similar nature or equivalent in effect (not including income, excess profits, capital stock, franchise, or general property taxes), lawfully imposed or which may be imposed upon and paid by Seller in respect of or applicable to the gas delivered hereunder and for which Seller may be liable in any month either directly or indirectly through any obligation to reimburse others, up to a total of one and three-tenths (1.3) cents per MCF. In the event the total of the above identified taxes, fees and

**A2123**

assessments imposed upon and paid by Seller with respect to the gas delivered hereunder exceeds one and three-tenths (1.3) cents per MCF, that portion in excess of one and three-tenths (1.3) cents per MCF shall for the purpose of this Agreement be considered a tax, fee or assessment hereafter levied, assessed or fixed in addition to or greater than those being levied, assessed or fixed on the date of this contract, as to which Buyer further agrees

to reimburse Seller for seven-eighths ( $\frac{7}{8}$ ths) thereof. In the event all or any part of such liability of Seller is not determined or not determinable by the end of any month, then such additional amount per MCF required in respect of such liability shall be determined quarterly and a statement setting forth the amount of such reimbursement for all months of such quarter shall be rendered to Buyer promptly following the end of such quarter and Buyer shall pay the amount due pursuant to such statement on or before thirty (30) days after receipt thereof.

3. Not less than twelve (12) months nor more than fifteen (15) months prior to each of the five (5) year periods of the contract, beginning on November 1, 1967 and November 1, 1972, respectively, Seller may request a determination by the parties hereto of the three (3) highest prices per MCF contracted to be paid at the beginning of each such five (5) year period by three (3) different interstate gas pipeline companies for gas produced from fields located within a radius of one hundred (100) miles from the point of delivery hereunder, under contracts with producers under which deliveries of gas are being made at the time of the determination, providing for deliveries over a period of time at least equal to

**A2124**

the remainder of the primary term of this Agreement, and upon substantially the same terms and conditions as those provided herein as to quality of gas, delivery pressure, gathering and compressing arrangements, measurement and taxes payable in respect of gas delivered. In making such determination and in comparing all prices payable under contracts, adjustments shall be made to compensate for differences in terms and conditions which are subject to mathematical correction. Contracts by interstate pipeline companies for the purchase from another pipe-

**(A2124)**

line company of gas which shall have been transported by such other pipeline company through its transmission pipeline system shall not be considered in such determination. If the parties are unable to agree before nine (9) months prior to the beginning of each such five (5) year period, the determination shall be made by arbitration in the manner provided in Article XV hereof. The arithmetical average of the three (3) highest prices, adjusted for purposes of comparison with this contract, shall be compared with the stated prices provided in Paragraph 1 of this Article IX for gas to be delivered during each year of such succeeding five (5) year period. If such average price is higher for any year or years of such five (5) year period, and Seller gives written notice to Buyer within ten (10) days from the date of such determination of its election to accept such higher price under the provisions of this Paragraph 3, it shall thereafter be the price paid in such year or years. If such average price is not higher than the stated price provided in Paragraph 1 of Article IX for any year or years of such five (5) year period, or if Seller fails to give such notice, no effect shall be given to this Paragraph 3 as to such year or years, and the stated

**A2125**

price provided in Paragraph 1 shall remain the effective price. In no case shall the provisions of Paragraph 2 of this Article IX providing for tax reimbursements be impaired hereby, but in making determinations and comparisons of prices hereunder appropriate adjustments shall be made in the prices payable under other contracts to compensate for any differences in the tax reimbursement provisions of such other contracts from the tax reimbursement provisions of this contract.

(A2126)

4. It is agreed that in the event the Federal Power Commission or any successor board or agency having jurisdiction over Buyer should at any time or times disallow any portion of any price increase provided for in Paragraph 3 of this Article IX as a part of Buyer's recoverable cost of service or allowable operating expense in any rate proceeding affecting Buyer, then only that portion of such increase which is not specifically disallowed may be received by Seller.

(a) It is further agreed that if in any such rate proceeding of Buyer the right of Buyer to receive upon resale of gas delivered by the Seller any portion of such price increase provided for in Paragraph 3 of this Article IX shall have been suspended pending the outcome of such rate proceeding, then Buyer shall have a similar right to suspend hereunder the payment of such suspended portion of such price increase to Seller. If Buyer shall have itself commenced receiving any portion of said price increase so suspended by making its rates

#### A2126

effective under bond or corporate assurance in accordance with the orders of such regulatory body, then Seller shall likewise be entitled to receive such increase from Buyer upon furnishing similar bond or corporate assurance for repayment to Buyer of such amounts of the increase as finally may be specifically disallowed. Upon final determination of such rate proceeding, Buyer shall pay to Seller any portion of said price increase which Seller shall then be entitled to receive in accordance with the provisions of this Paragraph 4.

(b) It is agreed that in the event the Federal Power Commission or any successor board or agency shall continue to assert or hereafter assert jurisdiction over or



**(A2126)**

the power to regulate the receipt by Seller of any portion of the price increase which may be payable to Seller pursuant to the provisions of Paragraph 3 and 4 of this Article IX, then the application of the entirety of this Paragraph 4 shall be suspended and of no force and effect during the continuance of such assertion of jurisdiction or the right of regulation.

#### **X. BILLING AND PAYMENT**

1. On or before the tenth (10th) day of each calendar month, Seller shall render or cause to be rendered to Buyer, at its office designated in or pursuant to Article XVI hereof a statement showing the total quantity of gas delivered during the preceding calendar month to Buyer by all parties delivering gas to Buyer through common facilities with Seller. On or before the twentieth (20th) day of each calendar month, Seller shall render or cause to be rendered to Buyer a statement for payment allocating

#### **A2127**

to each Seller its proportionate share of such total quantity plus its proportionate part of the total of the average daily deficiency, if any, in takings of available gas below seventy-five per cent (75%) of the Daily Contract Quantity during such preceding month not excused by force majeure or Seller's failure or inability to deliver the quantities requested. Buyer shall make payment to Seller at its office designated in or pursuant to Article XVI hereof by check on or before the fifteenth (15th) day following receipt of each such statement for payment, but in no event no earlier than the twenty-fifth (25th) day of the month.

2. If any overpayment or underpayment in any form whatsoever shall at any time be found, Seller shall refund the amount of the overpayment or Buyer shall pay the

**(A2128)**

amount of the underpayment within thirty (30) days after final determination thereof. Interest on the amount of any overpayment or underpayment shall accrue at the rate of six per cent (6%) per annum.

3. If Buyer shall fail in any year of the term of this Agreement to take the quantity of gas Buyer is obligated to take under the provisions of Article III of this Agreement, then Seller may within thirty (30) days after the end of such year, render or cause to be rendered a bill to Buyer for the amount due Seller by reason of such deficient takings and Buyer shall make payment to Seller within fifteen (15) days after receipt of such bill, in the manner set forth in Paragraph 1 of this Article X, at the weighted average price per MCF in effect hereunder during the year in which such deficiency arose. In computing

**A2128**

the amount due Seller for any deficiency in takings by Buyer occurring during any year, the following quantities shall be deducted from such deficiency:

(a) The total of the quantities of gas not taken but paid for during such year in accordance with the provisions of Subparagraph (c) of Paragraph 6 of Article III hereof.

(b) The total of the quantities of gas which Buyer requests (up to a daily maximum of one hundred twenty-five per cent (125%) of the Daily Contract Quantity) and which Seller fails to deliver on any day or days during such year; provided that deliveries within a tolerance of two per cent (2%) of the quantities requested by Buyer for any one day shall not be considered a failure to deliver hereunder if Seller shall deliver not less than the total quantity requested by Buyer in such monthly period. No

**(A2128)**

deduction shall be made for any reduction in Seller's deliveries resulting from Buyer's failure at any time to file nominations or forecasts with the Louisiana Department of Conservation for the full quantity of gas which Buyer thereafter requests Seller to deliver.

(c) The total of the quantities of gas which Buyer is unable to take on any day or days during such year by reason of force majeure as defined and referred to in Article XI hereof.

(d) The volume of gas that results from any reduction in the annual total of Seller's allowable for the wells covered hereby below the annual quantity of gas Buyer is obligated to take or pay for during such year, which is not included in any deduction made pursuant to Subparagraph (b)

**A2129**

of this Paragraph 3, provided that no deduction shall be made for any such reduction in Seller's allowable to the extent that such reduction results from Buyer's failure at any time to file nominations or forecasts with the Louisiana Department of Conservation for such total annual quantity.

**XI. FORCE MAJEURE**

1. In the event of either party hereto being rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, other than to make payments due hereunder, it is agreed that on such party giving notice and full particulars of such force majeure in writing or by telegraph to the other party as soon as possible after the occurrence of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused

(A2130)

but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery, gas processing plant or lines of pipe, the necessity for making repairs to or alterations of machinery, gas processing plant or lines of pipe, freezing of wells or lines of

**A2130**

pipe, partial or entire failure of wells or sources of supply of gas, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include (a) in those instances where either party hereto is required to obtain servitudes, rights of way grants, permits or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights of way grants, permits or licenses, and (b) in those instances where either party hereto is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure permits or permissions from any governmental agency to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies,

(A2130)

permits and permissions. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of opposing party when such course is inadvisable in the discretion of the party having the difficulty. If at any time Buyer is unable to take delivery of gas hereunder during any period in excess of fifteen (15) days due to force majeure affecting Buyer, Seller shall have the right to sell or otherwise dispose of such gas elsewhere.

#### A2131

in accordance with the terms and provisions of Paragraph 7 of Article II of this Agreement. In the event at any time after the initial delivery of gas hereunder either party is unable to perform its obligations as a result of force majeure as herein provided for a period of one hundred and eighty (180) days or more, the other party may terminate this Agreement by giving the party affected by such force majeure written notice of its intention to terminate this Agreement upon the expiration of thirty (30) days following the date of such notice, unless the party affected by such force majeure shall theretofore be fully performing hereunder.

2. Nothing in this Article XI shall impair the rights of cancellation provided for in Article I hereof, except to the extent specified in said Article I.

#### XII. DEFAULT

It is covenanted and agreed that if either party hereto shall fail to perform any of the covenants or obligations imposed upon it under and by virtue of this Agreement,

then in such event the other party hereto may at its option terminate this Agreement by proceeding as follows: The party not in default shall give written notice to the party in default stating specifically the cause for terminating this Agreement and declaring it to be the intention of the party giving the

### A2132

notice to terminate the same; thereupon the party in default shall have thirty (30) days after the giving of the aforesaid notice in which to remedy or remove the cause or causes stated in the notice for terminating the Agreement, and if within said period of thirty (30) days the party in default does so remedy or remove said cause or causes and fully indemnify the party not in default for any and all consequences of such breach, then such notice shall be withdrawn and this Agreement shall continue in full force and effect. In case the party in default does not so remedy or remove the cause or causes and indemnify the party giving the notice for any and all consequences of such breach, within said period of thirty (30) days, then at the option of the party giving the notice, this Agreement shall become null and void from and after the expiration of said period. Any cancellation of this Agreement pursuant to the provisions of this Article XII shall be without prejudice to the right of Seller to collect any amounts then due Seller for natural gas delivered, or for which Buyer was obligated to pay, whether or not taken, prior to the time of cancellation and shall be without prejudice to the right of Buyer to receive any gas for which it has paid but which it has not received, although entitled thereto, prior to the time of cancellation, provided that same shall be taken in accordance with the applicable provisions of this Agreement for quantities and rates of flow, and without waiver of any remedy to



**(A2132)**

which the party not in default may be entitled for violations of this Agreement. Seller may terminate Buyer's right to receive gas paid for but not taken by repaying the sums theretofore paid by Buyer for such undelivered gas.

**A2133**

### **XIII. TERM**

This Agreement shall be effective from the date hereof and shall continue and remain in full force and effect for a primary term of twenty (20) years from the date upon which Seller commences the initial delivery of gas to Buyer hereunder, provided that if such initial delivery commences on a date other than November 1st, then said primary term shall be twenty-one (21) years from such initial delivery date, and as long thereafter as said primary term may be extended pursuant to Paragraph 4 of Article II hereof.

### **XIV. WARRANTY OF TITLE**

Seller hereby warrants the title to all gas delivered by Seller to Buyer hereunder, the right to sell the same and that it is free from all liens and adverse claims, and agrees, if notified thereof by Buyer, to indemnify Buyer against all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of any adverse legal claims of any and all persons to or against said gas. Seller agrees to pay or cause to be paid all taxes and assessments levied on the gas prior to its delivery to Buyer, and to pay or cause to be paid to the parties entitled thereto all royalties, overriding royalties or like charges against said gas or the value thereof. During the pendency of litigation involving Seller's right to deliver any gas sold hereunder from any tract, Seller may at its election make no deliveries of gas from such tract. Seller

(A2134)

shall not be liable for the loss of any of the leaseholds and/or lands covered hereby by reason of any title failure. Seller makes no warranty, guaranty or covenant as to the quantity of its reserves of gas under its lands or leaseholds subject hereto.

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#### XV. ARBITRATION

It is recognized that the determination of any controversy arising between Buyer and any seller of gas to Buyer from the Rayne Field involving matters of fact with respect to measurement of gas, redetermination of reserves or determination of prices may necessarily affect the rights and obligations between Buyer and the other sellers of gas to Buyer in the Rayne Field. Accordingly it is agreed that the rights and obligations of all sellers of gas to Buyer from the Rayne Field having any interest in any such controversy shall be included in the determination thereof. Any such controversy involving solely the determination of matters of fact with respect to measurement of gas, determination of prices or redetermination of reserves shall be resolved by arbitration as follows:

If Buyer or any seller of gas to Buyer from the Rayne Field pursuant to a contract containing the same arbitration provisions desires such an arbitration, it shall give written notice of such desire for arbitration to the other party to the contract and to all other such sellers of gas to Buyer from the Rayne Field. Such sellers and Buyer shall within fifteen (15) days after the giving of such notice agree upon and designate in writing a disinterested consultant or consulting firm of established reputation and experience in the field of the particular problem to be submitted to arbitration who shall serve as arbitrator.

If the parties are unable in such fifteen (15) day period to agree upon and select an arbitrator, the party originally giving

the notice shall thereupon apply to the person who is then secretary of American Petroleum Institute for the appointment of such arbitrator. Each of the parties shall be privileged to submit to the secretary of American Petroleum Institute a list of consultants acceptable to it. Such an appointment shall be made within fifteen (15) days after reference to the secretary of American Petroleum Institute.

The arbitrator chosen by the parties, or pursuant to application for appointment by the secretary of American Petroleum Institute, shall fix a reasonable time and place for the hearing at which time all interested parties may submit such evidence as they see fit. Such arbitrator shall determine the matter submitted to him pursuant to the provisions of this Agreement and the other contracts involved in such arbitration. The decision of such arbitrator shall be set forth in writing and shall be final and binding on all interested parties. Any question referred to arbitration which is not determined within three (3) months from the date of appointment of the arbitrator shall be withdrawn from arbitration and such arbitration shall be terminated without prejudice. The costs of the arbitration shall be paid one-half ( $\frac{1}{2}$ ) by Buyer and one-half ( $\frac{1}{2}$ ) by the several sellers in the proportions of their respective daily contract quantities in effect at the time the arbitration was requested.

#### **XVI. ADDRESSES**

Until Buyer is otherwise notified in writing by Seller, the address of Seller is and shall remain Continental Oil Company, Post Office Box 2197, Houston, Texas, Attention Regional Manager of Production, Southern

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Region, and, unless Seller is otherwise notified in writing by Buyer, the address of Buyer is and shall remain Post Office Box 1612, Shreveport, Louisiana. All notices required to be given in writing hereunder shall be deemed sufficiently given when and if deposited in the United States mail postage prepaid and addressed to the respective parties at such addresses or such other addresses as the parties respectively shall designate by written notice.

## XVII. MISCELLANEOUS

1. No waiver by either party hereto of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any other default or defaults, whether of a like or of a different character.

2. Nothing in this contract shall be construed to require any party to waive its right to assert lack of jurisdiction of the Federal Power Commission over the sale of gas hereunder, or over any of Seller's facilities used for the production or delivery of such gas.

3. In the event Seller has gas available for sale in or near the Rayne Field from leaseholds and/or lands which are not described in Exhibits "A" and "B" attached hereto, or if Seller has gas available for sale from formations or reservoirs below the Nodosaria "A" Sand, Seller shall have the right but never the obligation to amend Exhibits "A" and "B" so as to include among those subject to this Agreement the leaseholds and/or lands and/or formations or reservoirs from which such gas is produced. In the event Seller shall exercise such right, Buyer and Seller shall conduct a joint study to determine the quantity of economically recoverable gas,

**A2137**

attributable to Seller's interest, which will be available for delivery to Buyer hereunder, and contained in the portions of the various gas and/or oil bearing formations or reservoirs described in such amendment to Exhibits "A" and "B" and/or underlying the leaseholds and/or lands owned or controlled by Seller and described in such amendment to Exhibits "A" and "B". If Buyer and Seller are unable to agree upon the quantity of such gas reserves within sixty (60) days after the execution of such amendments to Exhibits "A" and "B", then the determination of such quantity shall be submitted to and determined by arbitration in the manner provided in Article XV hereof. Effective as of the date of initial delivery of gas from such additional leaseholds and/or lands and/or formations or reservoirs, the Daily Contract Quantity then in effect under Article III hereof shall be increased by a quantity equal to one thousand (1,000) MCF for each seven million three hundred thousand (7,300,000) MCF of gas so estimated or determined to be contained in such additional gas reserve of Seller. The initial delivery of such additional gas shall commence upon the date of the completion of such reserve estimate or determination, or the date of completion of any facilities required for such delivery, whichever shall occur later. It is further agreed that upon the exercise by Seller of the right to include such additional gas reserve hereunder, each of the parties shall proceed with due diligence in a good faith effort to obtain such governmental authorizations and certificates of public convenience and necessity, if any, as may be necessary to enable it to perform its obligations under this Agreement with respect to such additional gas. Upon receipt and acceptance by



**A2138**

both Buyer and Seller of any such necessary governmental authorizations and certificates of public convenience and necessity upon terms and conditions satisfactory to both parties, or if no such authorizations or certificates are required, then upon the date of execution of the aforesaid amendment to Exhibits "A" and "B", each of the parties shall proceed with due diligence to construct any facilities necessary to enable such party to deliver or receive, as the case may be, such additional gas at the point of delivery specified in Article IV hereof. In the event either of the parties hereto shall fail to obtain any such governmental authorizations and certificates of public convenience and necessity upon terms and conditions satisfactory to both parties or if either party shall fail to construct any necessary facilities to deliver or receive such gas within twelve (12) months after the date of the execution of the aforesaid amendment to Exhibits "A" and "B", then either party may, at its election, at any time thereafter give written notice to the other party of its intention to cancel said amendment to Exhibits "A" and "B" at least thirty (30) days in advance of such date of cancellation, at which time said amendment to Exhibits "A" and "B" shall become null and void ad initio; provided, however, if pending such thirty (30) days' notice, all such necessary authorizations or certificates of public convenience and necessity shall be secured and accepted and all necessary facilities for the delivery and receipt of such additional gas shall have been constructed, such notice shall be voided and of no force or effect.

4. This Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns of the respective parties hereto and shall constitute a real right and covenant running with



the lands and leasehold estates covered hereby, and shall be binding upon any purchaser of Buyer's transmission system and upon any purchaser of the properties of Seller which are subject to this Agreement; and Seller and Buyer both agree that no sale of said properties of Seller or any part thereof or of all or substantially all of Buyer's said system or of that portion of Buyer's system required to transport the gas sold hereunder to its ultimate markets shall be made unless the purchaser thereof shall assume and agree to be bound by this Agreement insofar as the same shall affect and relate to the property or interest sold or conveyed. It is agreed, however, that nothing contained in this paragraph shall in any way prevent either party hereto from pledging or mortgaging its rights hereunder for security of its indebtedness.

5. It is understood and agreed that Buyer has executed this Agreement at the prices and upon the other terms and provisions set forth herein upon the condition that within thirty (30) days from the date hereof Buyer will be able to obtain contracts (including this contract) providing for the purchase by Buyer of gas from a total of not less than seven hundred thirty million (730,000,000) MCF of sellers' gas reserves in the Rayne Field as established by the initial determinations of such reserves set forth in said contracts. In the event Buyer is unable to obtain said contracts within thirty (30) days from the date hereof, then Buyer shall have the right and option to terminate and cancel this Agreement by giving Seller written notice of such termination and cancellation within the next succeeding fifteen (15) days, whereupon the parties hereto shall be relieved of all liability hereunder.

(A2141)

**A2140**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in two (2) originals on the day and year first above written.

**TEXAS EASTERN TRANSMISSION CORPORATION**

By /s/ Mills Cox  
*Vice President*

**BUYER**

**ATTEST:**

By /s/ J. G. Lawhon  
*Assistant Secretary*

**(SEAL)**

**WITNESSES:**

/s/ Elsie Powell  
/s/ Geneva Terry

**CONTINENTAL OIL COMPANY**

By /s/ O. L. Fisher  
*Vice President*

**SELLER**

**ATTEST:**

By /s/ Richard Jackson  
*Assistant Secretary*

**(SEAL)**

**WITNESSES:**

/s/ Iris R. Stremmel  
/s/ Marjorie Hurley

**A2141**

**STATE OF TEXAS**

**COUNTY OF HARRIS**

**BEFORE ME, the undersigned**

Notary Public in and for the State and County aforesaid, on this day came and appeared Elsie Powell, who

(A2141)

being by me duly sworn, deposes and says that she was one of the subscribing witnesses to the above and foregoing instrument and that the same was signed by Mills Cox, Vice President of Texas Eastern Transmission Corporation, in her presence and in the presence of the other subscribing witness.

/s/ Elsie Powell  
Subscribing Witness

Sworn to and subscribed before me this 1st day of February, 1957.

/s/ Loraine Stratton  
Notary Public, in and for  
Harris County, Texas

(SEAL)

STATE OF TEXAS  
COUNTY OF HARRIS

BEFORE ME, the undersigned

Notary Public in and for the State and County aforesaid, on this day came and appeared Marjorie Hurley, who being by me duly sworn, deposes and says that she was one of the subscribing witnesses to the above and foregoing instrument and that the same was signed by O. L. Fisher in her presence and in the presence of the other subscribing witness.

/s/ Marjorie Hurley  
Subscribing Witness

Sworn to and subscribed before me this 6th day of February, 1957.

/s/ Dorothy J. Howell  
Notary Public, in and for  
Harris County, Texas

(SEAL)

My Commission Expires June 1, 1957.

(A2142)

A2142

**EXHIBIT "A"**  
**TO**  
**GAS PURCHASE CONTRACT**  
**TEXAS EASTERN TRANSMISSION CORPORATION**  
**(BUYER)**

**RAYNE FIELD, ACADIA PARISH, LOUISIANA**

Seller's leaseholds and/or lands located within the hatched lines of the page designated as 1 of Exhibit "B" hereof are included within the Homeseekers "E" Sand Units and/or Nodosaria "A" Sand Units listed below as established by the following orders issued by the State of Louisiana Department of Conservation:

**I.**

By order No. 307-A issued by the State of Louisiana Department of Conservation and effective from and after March 1, 1956, filed for record in Conveyance Records of Acadia Parish, Louisiana, under entry No. 279582 on March 14, 1956, and by order No. 307-B issued by the State of Louisiana Department of Conservation and effective from and after October 1, 1956, filed for record in Conveyance Records of Acadia Parish, Louisiana, under entry No. 284230, and by reference to Exhibits attached thereto and made a part thereof; the rules and regulations therein provided for the establishment of the following listed drilling units for the Homeseekers "E" Sand underlying the North Fault Block, and the Homeseekers "E" Sand underlying the South Fault Block, Rayne Field, Acadia Parish, Louisiana:..

**(A2142)**

***North Fault Block***

1. Homeseekers "E" Sand Unit No. 1—North Fault Block containing 365 acres, more or less.
2. Homeseekers "E" Sand Unit No. 2—North Fault Block containing 345 acres, more or less.
3. Homeseekers "E" Sand Unit No. 3—North Fault Block containing 345 acres, more or less.
4. Homeseekers "E" Sand Unit No. 4—North Fault Block containing 405 acres, more or less.
5. Homeseekers "E" Sand Unit No. 5—North Fault Block containing 345 acres, more or less.

**A2143**

***South Fault Block***

1. Homeseekers "E" Sand Unit No. 6—South Fault Block containing 345 acres, more or less.
2. Homeseekers "E" Sand Unit No. 7—South Fault Block containing 345 acres, more or less.
3. Homeseekers "E" Sand Unit No. 8—South Fault Block containing 345 acres, more or less.

**II.**

By order No. 307 issued by the State of Louisiana Department of Conservation and effective from and after May 1, 1955, filed for record in Conveyance Records of Acadia Parish, Louisiana, under Original Act No. 272941 on May 4, 1955, as amended by Department of Conservation order effective from and after June 29, 1955, filed for record in Conveyance Records of Acadia Parish, Louisiana, under Original Act No. 274549 on July 14, 1955, and by Order No. 307-B issued by the State of Louisiana Department of Conservation and effective from and after

(A2143)

October 1, 1956, filed for record in Conveyance Records of Acadia Parish, Louisiana, under Original Act No. 284288, on October 11, 1956, and by reference to Exhibits attached thereto and made a part thereof; the rules and regulations therein provided for the establishment of the following listed drilling units for the Nodosaria "A" Sand, Rayne Field, Acadia Parish, Louisiana:

1. Nodosaria "A" Sand Unit No. 1—containing 345 acres, more or less.
2. Nodosaria "A" Sand Unit No. 2—containing 345 acres, more or less.
3. Nodosaria "A" Sand Unit No. 3—containing 345 acres, more or less.
4. Nodosaria "A" Sand Unit No. 4—containing 345 acres, more or less.
5. Nodosaria "A" Sand Unit No. 5—containing 345 acres, more or less.
6. Nodosaria "A" Sand Unit No. 6—containing 345 acres, more or less.
7. Nodosaria "A" Sand Unit No. 7—containing 345 acres, more or less.
8. Nodosaria "A" Sand Unit No. 8—containing 345 acres, more or less.
9. Nodosaria "A" Sand Unit No. 9—containing 345 acres, more or less.





**A2601**

**Docket No., G-12446**

**Hearing Ex. No. M-10**

**TEXAS EASTERN TRANSMISSION CORPORATION**

**ACCOUNTING EXHIBIT**

(1) Not applicable—The facilities to be acquired have not been devoted to public service.

(2) Texas Eastern proposes to charge to Account 100.1 Gas Plant in Service, sub-account 330.2 Natural Gas Producing Leaseholds the cash payment of \$12,420,500. Reference is made to Tabulation III on Page No. 3 of this Exhibit.

(3) Not applicable.

(4) The facilities to be acquired have no related depreciation, depletion and amortization.

(5) See paragraphs (2) and (4).

(6) Not applicable.

(7) Not applicable.

(8) Not applicable.

(9) Proposed accounting. Texas Eastern proposes to charge to Account 100.1, Gas Plant in Service, the initial cash payment of \$12,420,500. This amount will be amortized on the unit cost per MCF applicable to the net working interest reserves (783,498,800 MCF) shown in Tabulation I on Page 3 of Hearing Exhibit No. M-10.

**A2602**

Also see Hearing Exhibit No. M-8, Page 4. The entry will take the following form:

Dr. 503.2—Amortization and Depletion  
of Producing Natural Gas Land  
and Land Rights (1) \$474,700

Cr. 250.2—Reserve for Amortization  
and Depletion of Producing  
Natural Gas Land and  
Land Rights (1) \$474,700

(1) Amounts shown on annual basis as developed in Hearing Exhibit M-8  
Page 4.

The non-interest bearing notes shown in Tabulation III on Page 3 of Hearing Exhibit No. M-10 as they mature and are paid will be charged to Account No. 146—Other Deferred Debits. As deliveries are taken from the Rayne Field Account No. 146—Other Deferred Debits will be credited and Account No. 503.2—Amortization and Depletion of Producing Natural Gas Land and Land Rights will be debited. The entry will be based on the unit cost per MCF for deliveries taken from the Rayne Field. See Hearing Exhibit No. M-8, Page 4. The entry will take the following form:

Dr. 503.2—Amortization and Deple-  
tion of Production Natural Gas  
Land and Land Rights (1) \$4,677,500

Cr. 146—Other Deferred Debits (1) \$4,677,500

(1) Amounts shown on annual basis as developed in Hearing Exhibit M-8  
Page 4.

(A2603)

## A2603

## TEXAS EASTERN TRANSMISSION CORPORATION

## TABULATIONS

	MCF (15.025 PSIA)	AVERAGE PRICE AMOUNT PER MCF
<b>TABULATION I</b>		
<i>Ownership in Rayne Field</i>		
Working Interest of the Four Sellers (79.14129%)	783,498,800	
Royalty and Minority Interests (20.85871%)	206,501,200	
Total Rayne Field (100.00000%)	990,000,000	

<b>TABULATION II</b>			
<i>Debt to Texas Eastern</i>			
Working Interest	783,498,800	\$134,395,700	17.15¢
Royalty and Minority Interests	206,501,200	46,669,300	22.60¢
Grand Total	990,000,000	\$181,065,000	18.29¢

<b>TABULATION III</b>	
<i>Method of Payment—Working Interest Only</i>	
Total Amount	\$134,395,700
Less: Initial Cash Payment	12,420,500
Remainder (Aggregate amount of notes)	\$121,975,200
Payment on Notes—Annual Amounts	
1st and 2nd Years	\$ 6,219,600
3rd through 15th Years	\$ 8,015,300
16th Year (8 months)	\$ 5,337,000

(A2604)

**A2604**

**Hearing Ex. No. M-11**

**LAW OFFICES**

**HARGBOVE, GUYTON AND VAN HOOK**

**TEXAS EASTERN BUILDING**

**SHREVEPORT, LOUISIANA**

**February 3, 1959**

**Texas Eastern Transmission Corporation  
Texas Eastern Building  
Shreveport, Louisiana**

**Gentlemen:**

You have requested our advice with regard to your prospective rights as owner of certain leasehold interests in the Rayne Field, Acadia Parish, Louisiana. Pursuant to your request, we have examined that certain Lease Sale Agreement dated December 4, 1958, together with the Assignment and Conveyance attached thereto; between Continental Oil Company et al. as First Parties and Louisiana Gas Corporation as Second Party, as well as that certain Lease Purchase Agreement dated December 4, 1958, between Louisiana Gas Corporation and Texas Eastern Transmission Corporation. We have also examined all of the leases affected by said instruments except those certain leases embraced by the Navarre-Klumpff "D" Sand Unit, more particularly described on pages 48 through 56 of Exhibit "A" to Exhibit 1 attached to the Lease Sale Agreement first hereinabove described. As to said Navarre Unit, we have examined title opinions by the attorneys who examined such leases; and we are confident that said leases do not contain any provisions which would abrogate or conflict with the opinions hereinafter expressed. It is our opinion that all of the leases affected by said instruments are "commercial leases" as that term is used in the oil



and gas industry, and that the owners thereof have the rights hereinafter set forth.

In Louisiana, under a commercial oil, gas and mineral lease similar to those above referred to, the lessee (including his successors, assigns or sublessees) has the exclusive right to go upon the leased premises, to explore for oil and gas by drilling, to develop the premises for the production of oil and gas, to produce such minerals, and, upon production, to reduce such minerals to possession and ownership, and to market same, subject to the payment of such royalties as the lessor may have reserved and of such overriding royalties and production payments as the lease may be burdened with. The lease itself, immediately upon its execution, does not convey title to the subsurface minerals to the lessee; but it does convey the exclusive right to explore for and produce minerals, and, upon production, to reduce the minerals to possession and ownership and to market same. (See *McCoy v. United Gas Public Service Co.*, U.S.D.C., W. D. La., 57 F. Supp. 444; *Dixon v. American Liberty Oil Co.*, 226 La. 911, 77 So. 2d 533 (1954) and cases cited therein).

The Louisiana courts have consistently recognized and affirmed

#### A2605

the grant of a mineral lease for a term of years and as long thereafter as oil, gas and other minerals shall be produced from the leased premises in paying quantities. (See *Sam George Fur Co. v. Arkansas Louisiana Pipeline Co.*, 177 La. 284, 148 So. 51). The rights of a mineral lease owner, which were the subject of much confusion in early Louisiana mineral law, have been substantially clarified and strengthened by Louisiana Revised Statutes 9:1105, which classified mineral leases as real rights and incorporeal immovables, for purposes of both substantive and procedural law.



**(A2605)**

The "Assignment and Conveyance" hereinabove referred to is valid in form and contains no provisions repugnant to the laws of Louisiana. Assuming its execution and the transfer of Louisiana Gas Corporation's interests to Texas Eastern pursuant to their "Lease Purchase Agreement" dated December 4, 1958, Texas Eastern will succeed to all rights of the grantors in said "Assignment and Conveyance" with respect to all gas produced from all formations between the surface of the ground and the base of the Nodosaria "A" Sand, subject only to the payment of such royalties, overriding royalties and production payments as have been provided for by contract. Texas Eastern will, therefore, be the owner of all gas so produced and saved, when and as it is produced.

Yours very truly,

HARGROVE, GUYTON AND VAN HOOK  
By /s/ Elmon W. Holmes

**A2608**

DEGOLYER AND MACNAUGHTON  
5625 DANIELS AVENUE  
DALLAS, TEXAS

TEXAS EASTERN TRANSMISSION CORPORATION  
ESTIMATED RESERVES OF NATURAL GAS  
in the  
RAYNE FIELD  
ACADIA PARISH, LOUISIANA  
as of  
JANUARY 1, 1959

(A2609)

**A2609**

**RAYNE FIELD, ACADIA PARISH, LOUISIANA  
ESTIMATED GAS RESERVES  
DEDICATED**

**to  
TEXAS EASTERN TRANSMISSION CORPORATION**

**as of  
JANUARY 1, 1959**

**(All volumes expressed in MMcf at 14.73 psia  
and 60 degrees Fahrenheit)**

Name of Field		Reservoir	Proved Reserves in Place	Salable Proved Reserves
Line	(b)	(c)	(d)	(e)
1	Rayne Klumpp "A"		16,805	14,198
2	Klumpp "D"		81,003	70,033
3	Klumpp "E"		20,889	18,088
4	Homaseekers "E"		370,693	307,140
5	Nodosaria "A" (North Seg.)		214,508	165,150
6	Nodosaria "A" (South Seg.)		497,905	414,162
7	TOTAL		1,201,803	988,771

RAYNE FIELD, ACADIA PARISH, LOUISIANA  
ESTIMATED GAS RESERVES  
DEDICATED  
to  
TEXAS EASTERN TRANSMISSION CORPORATION  
as of  
JANUARY 1, 1959

(All volumes expressed at 14.73 psia and 60 degrees Fahrenheit)

Line (a)	Item (b)	Units (c)	Klump "A" Sand (d)	Klump "D" Sand (e)	Klump "E" Sand (f)	Homesekers "E" Sand (g)
			Non-Associated	Non-Associated	Non-Associated	Non-Associated
1	Type of Gas					
2	Average Depth	Feet	10,740	11,250	11,360	12,620
3	Number of Well Completions		1	3	0	5
4	Estimated Productive Area	Acres	737	1,230	698	2,005
5	Estimated Average Thickness	Feet	13.2	29.6	11.7	64.2
6	Estimated Reservoir Volume	Acre-Feet	9,725	36,392	8,144	128,806
7	Estimated Average Porosity	Percent	23.8	21.8	24.9	24.6
8	Estimated Interstitial Water	Percent	34.0	22.5	22.7	19.0
9	Reservoir Temperature	Degrees, F.	222	230	232	252
10	Initial Reservoir Pressure	Psia	4,835	6,855	6,868	8,918
11	Terminal Reservoir Pressure	Psia	515	515	515	515
12	Compressibility Factor, Initial Conditions		0.990	1.150	1.145	1.310
13	Compressibility Factor, Terminal Conditions		0.962	0.965	0.965	0.973
14	Initial Gas in Place per Acre-Foot	Mcf	1,728	2,245	2,565	2,926
15	Terminal Gas in Place per Acre-Foot	Mcf	189	201	228	228
16	Estimated Initial Gas in Place	MMcf	16,805	81,700	20,889	376,886
17	Estimated Terminal Gas in Place	MMcf	1,838	7,315	1,857	29,368
18	Estimated Initial Recoverable Gas	MMcf	14,967	74,385	19,032	347,518
19	Estimated Cumulative Production to January 1, 1959	MMcf	0	697	0	6,193
20	Remaining Gas in Place on January 1, 1959	MMcf	16,805	81,003	20,889	370,693
21	Estimated Remaining Recoverable Gas	MMcf	14,967	73,688	19,032	341,325
22	Estimated Shrinkage and Fuel Losses	MMcf	769	3,655	944	25,565
23	Estimated Salable Gas Reserves	MMcf	14,198	70,033	18,088	315,760
24	<u>Reserves Dedicated to Texas Eastern Transmission Corporation</u>					
25	Dedicated Acre-Feet		9,725	36,392	8,144	125,291
26	Percent of Total Reservoir		100.00	100.00	100.00	97.27
27	Salable Gas Reserve	MMcf	14,198	70,033	18,088	307,140

RAYNE FIELD, ACADIA PARISH, LOUISIANA  
ESTIMATED GAS RESERVES  
DEDICATED

(A2610)

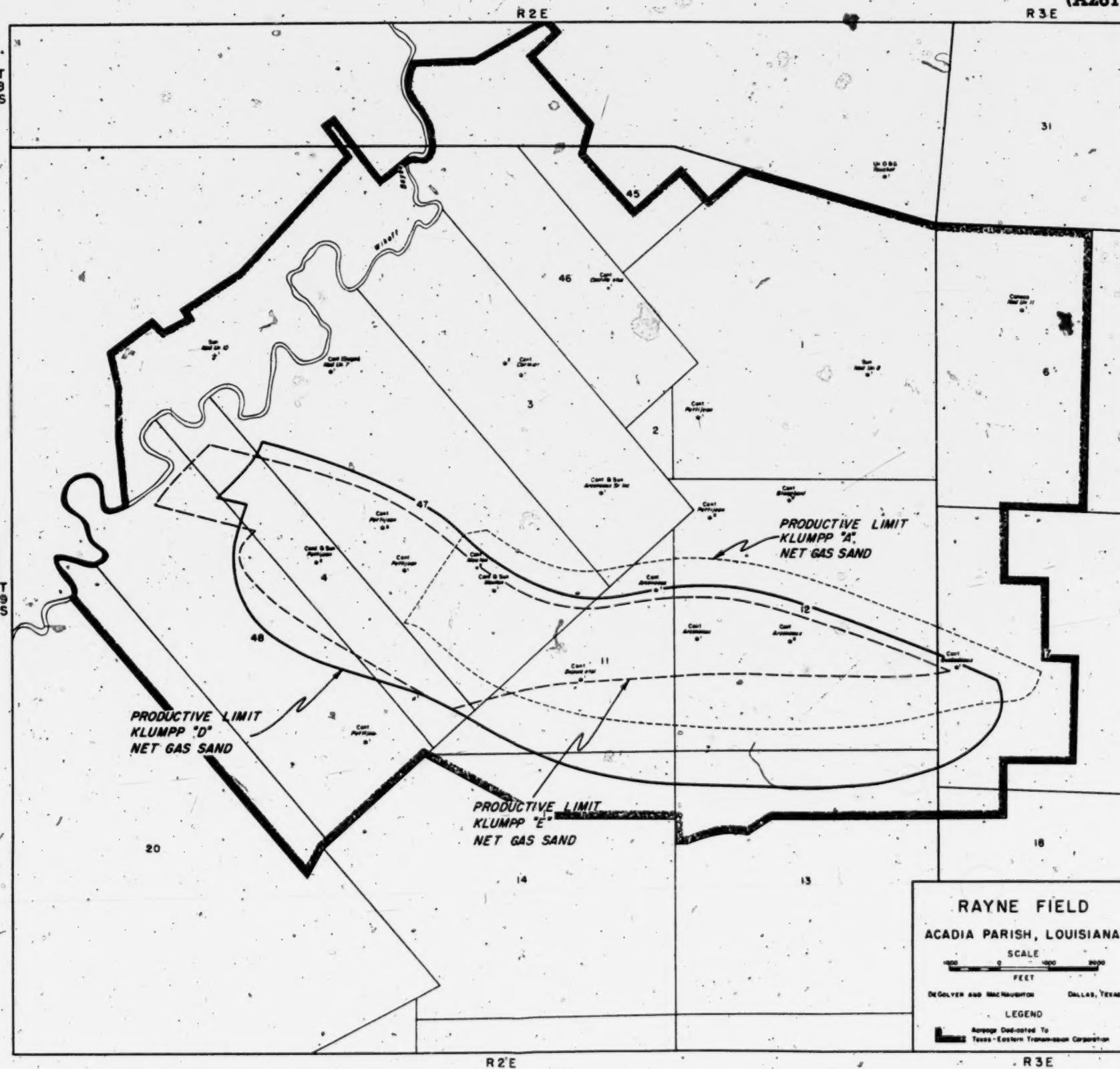
to  
TEXAS EASTERN TRANSMISSION CORPORATION  
as of  
JANUARY 1, 1959

(All volumes expressed at 14.73 psia and 60 degrees Fahrenheit)

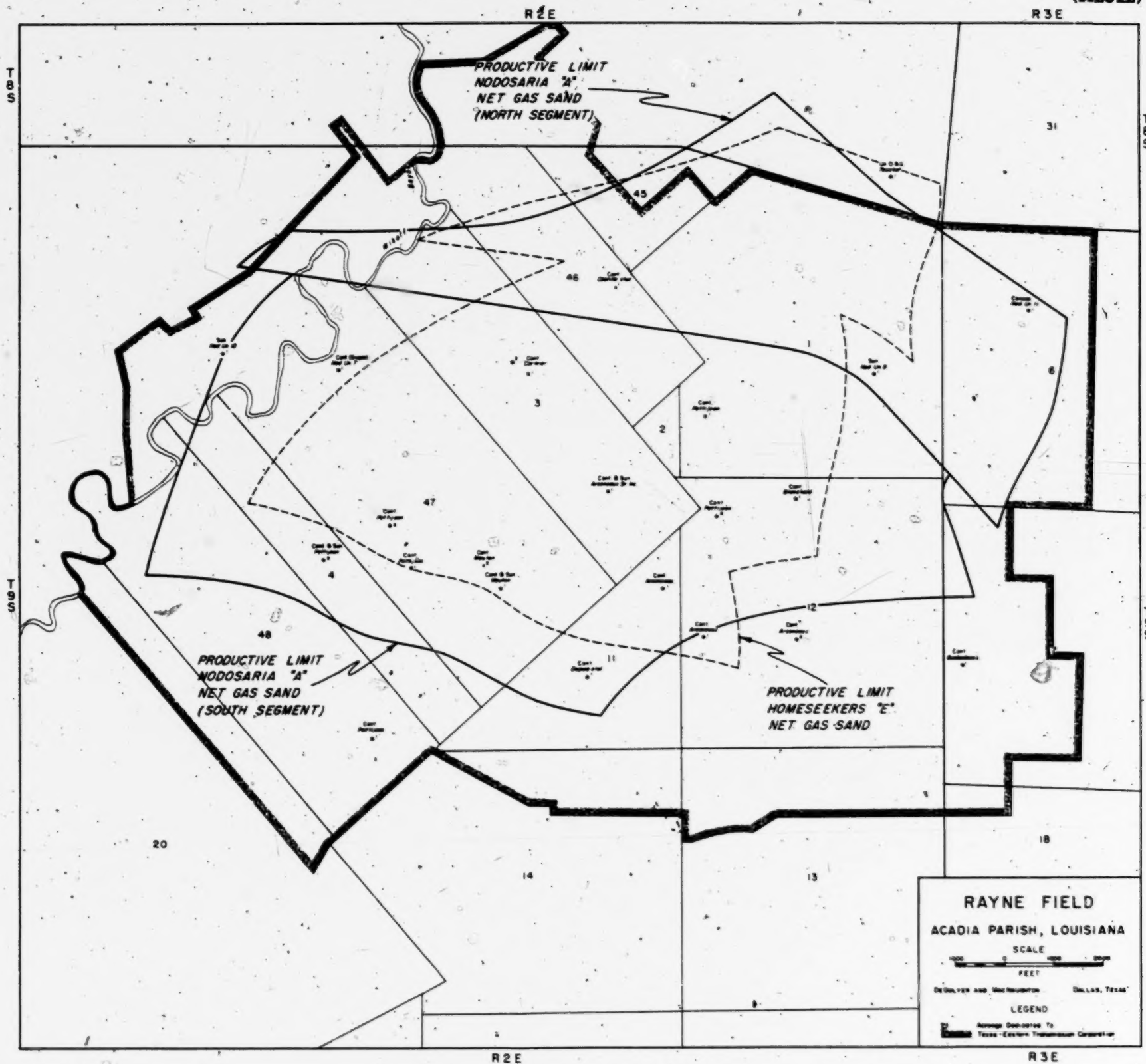
Klumpff "A" Sand (d)	Klumpff "D" Sand (e)	Klumpff "E" Sand (f)	Homeseekers "E" Sand (g)	Nodosaria "A" Sand		Nodosaria "A" Sand Subtotal (j)	TOTAL (k)
North Seg. (h)	South Seg. (i)						
Non-Associated	Non-Associated	Non-Associated	Non-Associated	Non-Associated	Non-Associated		
10,740	11,250	11,360	12,620	13,700	13,640		
1	3	0	5	2	7		
737	1,230	698	2,005	1,093	2,174		
13.2	29.6	11.7	64.2	71.3	84.3		
9,725	36,392	8,144	128,806	77,938	183,190		
23.8	21.8	24.9	24.6	20.5	20.5		
34.0	22.5	22.7	19.0	14.9	14.9		
222	230	232	252	269	268		
4,835	6,855	6,868	8,918	11,008	10,972		
515	515	515	515	515	515		
0.990	1.150	1.145	1.310	1.465	1.460		
0.962	0.965	0.965	0.973	0.975	0.975		
1,728	2,245	2,565	2,926	2,767	2,767		
189	201	228	228	194	195		
16,805	81,700	20,889	376,886	215,654	506,887	722,541	1,218,821
1,838	7,315	1,857	29,368	15,120	35,722	50,842	91,220
14,967	74,385	19,032	347,518	200,534	471,165	671,699	1,127,601
0	697	0	6,193	1,146	8,982	10,128	17,018
16,805	81,003	20,889	370,693	214,508	497,905	712,413	1,201,803
14,967	73,688	19,032	341,325	199,388	462,183	661,571	1,110,583
769	3,655	944	25,565	10,408	48,021	58,429	89,362
14,198	70,033	18,088	315,760	188,980	414,162	603,142	1,021,221
9,725	36,392	8,144	125,291	68,109	183,190		
100.00	100.00	100.00	97.27	87.39	100.00		
14,198	70,033	18,088	307,140	165,150	414,162	579,312	988,771



(A2611)



(A2612)







**A2613**

**Hearing Ex. No. M-14**

**LEASE PURCHASE AGREEMENT**

**THIS AGREEMENT, made and entered into this 4th day of December, 1958, by and between Louisiana Gas Corporation, a Delaware corporation, hereinafter referred to as "Louisiana Gas", and Texas Eastern Transmission Corporation, a Delaware corporation, hereinafter referred to as "Texas Eastern",**

**WITNESSETH:**

**WHEREAS, Louisiana Gas has entered into a Lease Sale Agreement of even date with Continental Oil Company and M. H. Marr which provides that, when certain specified conditions are met, the interests of Continental Oil Company and M. H. Marr in certain leaseholds and related properties in the Rayne Field, Acadia Parish, Louisiana, will be assigned and conveyed to Louisiana Gas, a copy of which Lease Sale Agreement is annexed hereto as Exhibit I and made a part hereof; and**

**WHEREAS, said Lease Sale Agreement has also been prepared for execution by Sun Oil Company and General Crude Oil Company as to the interests they own in said Rayne Field and Louisiana Gas represents that it expects Sun Oil Company and General Crude Oil Company to execute said Lease Sale Agreement in the near future; and**

**WHEREAS, Louisiana Gas desires to enter into an agreement with Texas Eastern to sell, and Texas Eastern desires to enter into an agreement to purchase the leasehold interests and related properties in said Rayne Field covered by such Lease Sale Agreement.**

**Now, THEREFORE, in consideration of the premises, Louisiana Gas and Texas Eastern agree to the following:**

## A2614

## I.

It is agreed that if Louisiana Gas shall acquire all of the leasehold interests and related properties of Continental Oil Company, Sun Oil Company, General Crude Oil Company and M. H. Marr (hereinafter referred to collectively as "Continental, et al") covered by the Lease Sale Agreement annexed hereto as Exhibit I, Louisiana Gas shall sell, assign and convey unto Texas Eastern, and Texas Eastern shall purchase said leasehold interests and related properties for a consideration of Twelve Million Four Hundred Twenty Thousand Five Hundred Dollars (\$12,420,500.00), payable in cash to Louisiana Gas on the date of closing. In the event Louisiana Gas shall acquire less than all of the leasehold interests and related properties of Continental, et al, covered by said Lease Sale Agreement, then Texas Eastern shall have the right to purchase from Louisiana Gas the interests acquired by it, and, in such event, the consideration to be paid therefor by Texas Eastern to Louisiana Gas shall be a sum equal to the portion of the consideration paid in cash by Louisiana Gas for the interests acquired by it on the date of closing under the Lease Sale Agreement.

## II.

Texas Eastern agrees to prosecute in good faith and with due diligence its Application for a Certificate of Public Convenience and Necessity filed in Federal Power Commission Docket No. G-12446 for the construction and operation of facilities necessary to enable the taking of gas production from the Rayne Field to the end that Condition No. 3 of the Lease Sale Agreement may be met or complied with within the time stipulated therefor in said Lease Sale Agreement. Texas Eastern shall keep Louisiana Gas advised of its progress and shall give Louisiana

**(A2615)**

Gas prompt notice when a Certificate of Public Convenience and Necessity satisfactory to Texas Eastern has been issued, attaching to said notice a copy of such Certificate.

**A2615**

**III.**

In the event the Lease Sale Agreement annexed hereto as Exhibit I shall for any reason terminate, or if Louisiana Gas shall fail to acquire the leasehold interests and related properties in the Rayne Field covered by said Lease Sale Agreement on or before ninety (90) days after the date hereof, then either party hereto may at any time thereafter terminate this agreement by giving written notice of such termination to the other party.

**IV.**

It is agreed that the sale pursuant to this Lease Purchase Agreement shall be closed at the offices of Vinson, Elkins, Weems & Searls, in the Esperson Building, Houston, Texas, or at such other location in Houston, Texas, as is mutually agreeable to the parties hereto, on the date the sale is closed pursuant to the Lease Sale Agreement attached hereto as Exhibit I. On the date of closing, Louisiana Gas shall execute the instrument captioned "Conveyance", annexed hereto as Exhibit II, and deliver same to Texas Eastern, and Texas Eastern shall pay to Louisiana Gas the consideration stipulated above by Cashier's Check; provided, however, that in the event Louisiana Gas shall acquire, and Texas Eastern shall purchase from Louisiana Gas, less than all of the interests of Continental, et al, covered in the Lease Sale Agreement, then the form of Conveyance attached hereto as Exhibit II shall be revised prior to closing to eliminate the interests not acquired by Louisiana Gas.

**(A2616)**

**A2616**

IN TESTIMONY WHEREOF, this instrument has been executed in multiple/ originals on the day and date first hereinabove written.

LOUISIANA GAS CORPORATION

By /s/ Campbell A. Griffin  
President

WITNESSES:

/s/ Helen P. Waterman  
/s/ Lynette Chenault

TEXAS EASTERN TRANSMISSION  
CORPORATION

By /s/ John C. Jacobs  
Vice President

/s/ Helen P. Waterman  
/s/ Lynette Chenault

**A2617.**

STATE OF TEXAS  
COUNTY OF HARRIS

On this 4th day of December, 1958, before me, a Notary Public, appeared Campbell A. Griffin, to me personally known, who being by me duly sworn, did say that he is President of Louisiana Gas Corporation, a corporation, and that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and the said Campbell A. Griffin acknowledged said instrument to be the free act and deed of said corporation.

WITNESS my official signature and seal as such Notary Public on the day, month and year first above written.

/s/ PAULINE KILLOUGH  
Notary Public in and for Harris

(A2618)

STATE OF TEXAS  
COUNTY OF HARRIS

County, Texas

On this 4th day of December, 1958, before me, a Notary Public, appeared John C. Jacobs, to me personally known who being by me duly sworn, did say that he is Vice President of Texas Eastern Transmission Corporation, a corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and the said John C. Jacobs acknowledged said instrument to be the free act and deed of said corporation.

WITNESS my official signature and seal as such Notary Public on the day, month and year first above written.

/s/ PAULINE KILLOUGH  
Notary Public in and for Harris  
County, Texas

A2618

Hearing Exhibit No. M-14

EXHIBIT I

LEASE SALE AGREEMENT  
RAYNE FIELD, ACADIA PARISH, LOUISIANA  
BETWEEN  
CONTINENTAL OIL COMPANY  
SUN OIL COMPANY  
M. H. MARR AND  
GENERAL CRUDE OIL COMPANY—  
FIRST PARTIES  
AND  
LOUISIANA GAS CORPORATION—  
SECOND PARTY

December 4, 1958



(A2619)

A2619

## LEASE SALE AGREEMENT

THIS AGREEMENT made and entered into this 4th day of December, 1958, by and between Continental Oil Company, a Delaware corporation, Sun Oil Company, a New Jersey corporation, M. H. Marr, husband of Adah KleinSmid, a resident of Dallas, Texas, and General Crude Oil Company, a Delaware corporation, hereinafter referred to as "First Parties" and Louisiana Gas Corporation, a Delaware corporation, hereinafter referred to as "Second Party",

### WITNESSETH:

First Parties, as the owners of oil, gas and mineral leases, surface leases and rights of way in the Rayne Field, Acadia Parish, Louisiana, agree to sell to Second Party, and Second Party agrees to purchase, such leases and the gas wells thereon with related production equipment, and rights of way, subject to the terms, conditions, reservations and exceptions set out in the Assignment and Conveyance annexed hereto as Exhibit "1", which exhibit is made a part hereof for full particulars. The oil, gas and mineral leases, surface leases and rights of way affected by this agreement are particularly described in Exhibit "A" annexed to Exhibit "1". The consideration for the sale and purchase is One Hundred Thirty-Four Million Three Hundred Ninety-Five Thousand, Seven Hundred Dollars (\$134,395,700), payable Twelve Million Four Hundred Twenty Thousand, Five Hundred Dollars (\$12,420,500) cash and One Hundred Twenty-One Million, Nine Hundred Seventy-Five Thousand, Two Hundred Dollars (\$121,975,200) represented by the notes hereinafter referred to. The consideration for this sale is to be shared by First Parties in the following percentages:

(A2620)

Continental Oil Company .....	55.930697
Sun Oil Company .....	31.669095
M. H. Marr .....	8.404469
General Crude Oil Company .....	3.995739
	<hr/>
	100.000000

\* This agreement to sell and purchase is conditioned on:

1. The approval of First Parties' title to said leasehold interests by the attorneys for Second Party.

2. First Parties receiving from the Internal Revenue Service a ruling in writing to the effect that the gain from the sale of leasehold interests will be considered as gain from the sale of a capital asset held for more than six (6) months under the provisions of Section 1231 of the Internal Revenue Code of 1954.

3. Certificates of public convenience and necessity being obtained from the Federal Power Commission as may be required for the construction and operation of such facilities as may be necessary to enable the taking of Second Party's gas production from said Rayne Field and transporting same to the market area in form and on terms and conditions satisfactory to Second Party and to each of the First Parties.

4. First Parties obtaining order of dismissal or filing unconditional motion to dismiss or notice of withdrawal with respect to their applications for certificates of public convenience and necessity pending in Federal Power Commission Dockets Nos.

**A2620**

G-12432, G-12885, G-12913, and G-12931, prior to their acceptance of certificates of public convenience and necessity that may be issued by the Federal Power Commission to

(A2620)

First Parties pursuant to their application in said dockets.

First Parties agree to make available to Second Party for examination, at the offices of First Parties, the lease and title files of First Parties relating to the properties and interest covered hereby; and Second Party agrees promptly to undertake such examination of same as it elects to make. The lease and title files shall be examined, and additional abstracts, title data, curative work or record examination secured or made, at the expense of Second Party. Second Party agrees to advise First Parties when Condition 1 above is satisfied.

Each of First Parties shall promptly either notify all other parties that it will not file an application for a ruling and waives the necessity of the ruling as required by Condition 2 or shall make, or cause to be made, the necessary application for a ruling by the Internal Revenue Service and prosecute such application in good faith, keeping Second Party advised of its progress upon request. As soon as a ruling has been obtained which, in the opinion and sole discretion of the party for whom the ruling was obtained, satisfies Condition 2 above, such party shall notify Second Party and all other First Parties that said Condition 2 has been satisfied as to such party.

Second Party agrees to make (or cause to be made) the necessary application for certificates of public convenience and necessity referred to in Condition 3 above and thereafter to prosecute such application in good faith, keeping First Parties advised of its progress upon request. Such application may be made at any time, but shall be made by Second Party not later than forty-eight (48) hours (exclusive of Saturdays, Sundays, and legal holidays) after Second Party receives notice from all First Parties that Condition 2 above has been satisfied or waived.

Second Party shall give First Parties notice when certificates of public convenience and necessity satisfactory to Second Party have been issued, attaching to the said notice

a copy of such certificates. Within 48 hours (exclusive of Saturdays, Sundays and legal holidays) after receipt of such notice, each of First Parties shall advise Second Party and the other First Parties whether the certificates are satisfactory; and First Parties advising that the certificates are satisfactory shall then (or at such later date as Second Party has advised that Condition 1 has been met and complied with) promptly proceed to cancel the existing gas purchase contract between such party and Texas Eastern Transmission Corporation relating to the Rayne Field and to obtain order of dismissal or file unconditional motion to dismiss its application or notice of withdrawal with respect to its application for certificates of public convenience and necessity as required to satisfy Condition 4 above, to the extent that such parties have not theretofore done so.

If all of the four conditions listed above have not been met and complied with or waived on or before ninety days after the date hereof, as to each of First Parties and Second Party, then any of First Parties hereto as to whom such conditions have not been met or complied with may, insofar, but insofar only, as its interest is affected, or Second Party may, at any time thereafter terminate this agreement by giving written notice of such termination to all of the other parties; provided that the election to terminate must, except as hereinafter provided, be exercised prior to the time all of said four conditions have been met and complied with as to such party electing to terminate. After the con-

**A2621**

ditions have been met and complied with as to Second Party and any of First Parties, but not all First Parties, and the time set out above for satisfaction of the four conditions has elapsed, the First Parties as to whose interests the conditions have been met and complied with, or any of

(A2621)

them, may terminate unless within 48 hours after notice (exclusive of Saturdays, Sundays and legal holidays) to Second Party that a final decision as to the acquisition must be made, Second Party elects to acquire the interests of such party or parties. A copy of the notice by a First Party shall be given to all other First Parties, and the election of Second Party shall be in writing, with a copy to all First Parties. In the event the agreement is terminated by any of First Parties, and all conditions have been met and complied with as to Second Party, but Second Party has not previously elected to acquire from such First Parties as to whose interests the conditions have been met and complied with, this agreement may be terminated by Second Party within five days after notice of termination by such First Party.

Upon satisfaction or waiver of the foregoing conditions as to all parties (or as to Second Party and less than all of First Parties, if Second Party notifies all other parties of its decision to proceed to close), Second Party agrees to proceed with due diligence to complete, or cause to be completed, the construction of the necessary facilities to enable Second Party to take and transport its gas production from the Rayne Field. On or before ten days after completion of the construction of such facilities, or 30 days (plus time lost, up to but not exceeding an additional 150 days, due to force majeure as herein defined) after the date on which the last of the four conditions is satisfied or waived (or notice is given by Second Party if conditions are satisfied as to less than all First Parties), whichever occurs at the earlier date, the sale shall be closed at the offices of Vinson, Elkins, Weems & Searls, in the Esperson Building, Houston, Texas, or at such other location in Houston, Texas, as is mutually agreeable to all parties; and at least five days prior to the closing date Second Party shall notify each of the First Parties of the exact date and time for closing.



(A2621)

On the date the sale is closed (1) all closing parties will execute the instrument captioned Assignment and Conveyance, annexed hereto as Exhibit "1", and deliver to each closing party an executed original of the said instrument; and (2) Second Party will pay the cash portion of the consideration (payment to be made by a cashier's check payable to each closing First Party), execute the notes and mortgages to secure the notes in the form agreed to by the parties, and deliver the said executed notes and mortgages to the closing First Parties. All of the foregoing instruments shall be executed and acknowledged to the satisfaction of the attorneys for each closing party. Evidence shall be submitted that the officer or agent executing each instrument for a party is authorized to bind the corporation or party.

When this agreement requires a filing or obtaining by either First Parties or Second Party of a ruling or certificate from a governmental agency, the filing or obtaining of same by a third party designated by a party hereto or having a contract with a party of such nature that it has an interest in the required action shall be deemed for the purpose of this agreement as if filed or obtained by a party hereto; provided that all notices and acceptances that same are satisfactory shall be made by the appropriate party hereto.

All notices and other communications hereunder shall be in writing and shall be deemed given when delivered or forwarded by registered mail, return receipt requested,



**(A2622)**

**A2622**

with postage fully prepaid, to the party to be notified, at the addresses set out under the names of the respective parties below:

Continental Oil Company  
Attention: Mr. O. L. Fisher  
P. O. Box 2197  
Houston 1, Texas

Sun Oil Company  
Attention: Mr. Buford R. Koehler  
P. O. Box 2831  
Beaumont, Texas

Mr. M. H. Marr  
Attention: Mr. Donley C. Wertz  
2500 Republic National Bank Building  
Dallas, Texas

General Crude Oil Company  
Attention: Mr. J. W. Cutbirth  
P. O. Box 2252  
Houston 1, Texas

Louisiana Gas Corporation  
Attention: Mr. Campbell A. Griffin  
11th Floor, Esperson Building  
Houston 2, Texas

The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery, lines of pipe, the necessity for making repairs to or alterations of machinery

or lines of pipe, freezing of lines of pipe, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of Louisiana Gas and which by the exercise of due diligence is unable to prevent or overcome; such term shall likewise include (a) in those instances where Louisiana Gas hereto is required to obtain servitudes, rights of way grants, permits or licenses to enable Louisiana Gas to fulfill its obligations hereunder, the inability of Louisiana Gas to acquire, or the delays on the part of Louisiana Gas in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights of way grants, permits or licenses, and (b) in those instances where Louisiana Gas is required to secure permits or permission from any governmental agency to enable Louisiana Gas to fulfill its obligations hereunder, the inability of Louisiana Gas to acquire, or the delays on the part of Louisiana Gas in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of Louisiana Gas, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of Louisiana Gas.

(A2623)

**A2623**

In Testimony Whereof this instrument has been executed in multiple originals on the day and date first hereinabove written.

CONTINENTAL OIL COMPANY

By O. L. Fisher

*Vice President*

WITNESSES:

George Wear

Rush H. Record

SUN OIL COMPANY

By Donelson Caffery

*Agent and Attorney in Fact*

Herf M. Weinert

K. E. Montague

M. H. MARR

Donley C. Wertz

C. M. Johnson

GENERAL CRUDE OIL COMPANY

By J. W. Cutbirth

*Vice President*

L. E. Frazier, Jr.

Rush H. Record

LOUISIANA GAS CORPORATION

By Campbell A. Griffin

*President*

George Wear

Rush H. Record

STATE OF TEXAS

COUNTY OF HARRIS

On this 4th day of December, 1958, before me, a Notary Public, appeared O. L. Fisher, to me personally known, who being by me duly sworn, did say that he is Vice President of Continental Oil Company, a corporation, and that

(A2623)

the foregoing instrument was signed on behalf of the said corporation by authority of its Board of Directors, and the said O. L. Fisher acknowledged said instrument to be the free act and deed of said corporation.

Witness my official signature and seal as such Notary Public on the day, month and year first above written.

JESSIE E. DeBAUN  
Notary Public in and for  
Harris County, Texas

Jessie E. DeBaun  
Notary Public in and for Harris County, Texas  
My Commission Expires June 1, 1959

STATE OF TEXAS  
COUNTY OF HARRIS

On this 12th day of December, 1958, before me, a Notary Public, appeared Donelson Caffery, to me personally known, who being by me duly sworn, did say that he is Agent and Attorney in Fact of Sun Oil Company, a corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and said Donelson Caffrey acknowledged said instrument to be the free act and deed of said corporation.

Witness my official signature and seal as such Notary Public on the day, month and year first above written.

CARMEN C. SPAFFORD  
Notary Public in and for  
Harris County, Texas

Carmen Spafford  
Notary Public in and for Harris County, Texas  
My Commission Expires June 1, 1959.

(A2624)

**A2624**

STATE OF TEXAS  
COUNTY OF DALLAS

On this 4th day of December, 1958, before me, a Notary Public, personally appeared M. H. Marr, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Witness my official signature and seal as such Notary Public on the day, month and year first above written.

J. B. DICKERSON  
Notary Public in and for  
Dallas County, Texas

J. B. Dickerson  
Notary Public, Dallas County, Texas  
My Commission Expires June 1, 1959

STATE OF TEXAS  
COUNTY OF HARRIS

On this 12th day of December, 1958, before me, a Notary Public, appeared J. W. Cutbirth, to me personally known, who being by me duly sworn, did say that he is Vice President of General Crude Oil Company, a corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and said J. W. Cutbirth acknowledged said instrument to be the free act and deed of said corporation.

Witness my official signature and seal as such Notary Public on the day, month and year first above written.

CARMEN C. SPAFFORD  
Notary Public in and for  
Harris County, Texas

Carmen Spafford  
Notary Public in and for Harris County, Texas  
My Commission Expires June 1, 1959

(A2625)

STATE OF TEXAS  
COUNTY OF HARRIS,

On this 4th day of December, 1958, before me, a Notary Public, appeared Campbell A. Griffin, to me personally known, who being by me duly sworn, did say that he is President of Louisiana Gas Corporation, a corporation, and that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and the said Campbell A. Griffin acknowledged said instrument to be the free act and deed of said corporation.

Witness my official signature and seal as such Notary Public on the day, month and year first above written.

JESSIE E. DEBAUN  
Notary Public in and for  
Harris County, Texas

Jessie E. DeBaun  
Notary Public in and for Harris County, Texas  
My Commission Expires June 1, 1959

**A2625**

**ASSIGNMENT AND CONVEYANCE**

Rayne Field, Acadia Parish, Louisiana  
Between

CONTINENTAL OIL COMPANY

SUN OIL COMPANY

M. H. MARR and

GENERAL CRUDE OIL COMPANY—Grantors

And

LOUISIANA GAS CORPORATION—Grantee

Dated ....., 1959



EXHIBIT "1"

Attached to and made a part of Lease Sale Agreement between Continental Oil Company et al as "First Parties" and Louisiana Gas Corporation as "Second Party".

ASSIGNMENT AND CONVEYANCE

FOR GOOD AND VALUABLE CONSIDERATION, the adequacy of which is acknowledged, Continental Oil Company, a Delaware corporation, Sun Oil Company, a New Jersey corporation, M. H. Marr, husband of Adah KleinSmid, a resident of Dallas, Texas, and General Crude Oil Company, a Delaware corporation, herein called "Grantors", subject to the terms and provisions herein contained and the reservations and exceptions of leasehold interests and of the production payment by Grantors as hereinafter set out, have transferred, assigned and conveyed and do by these presents hereby transfer, assign and convey, without warranty, guaranty or representation, express or implied, unto Louisiana Gas Corporation, a Delaware corporation, hereinafter called "Grantee", the oil, gas and mineral leases, the surface leases and option and rights of way described in Exhibit "A" attached hereto and made a part hereof for all purposes, together with all those wells which are presently completed as gas wells and related lease and well equipment (surface and subsurface), gathering and flow lines, tanks, separators and other equipment and personal property relating thereto (as set forth in inventory, copies of which are marked for identification and retained in possession of each of the parties), with no right of reverter as to such wells and equipment, and such rights of ingress, egress and easements for such facilities as Grantors have the right to convey.

For the purposes of this Assignment and Conveyance and the reservations of leasehold interests and of the produc-

tion payment, the terms oil, condensate (and the related terms separator liquids and natural gas liquids), gas, other minerals, net interest in production, and separation facilities are defined as follows:

(a) *Oil*: All hydrocarbons recovered in the liquid state at the surface, which hydrocarbons existed in the liquid state under original conditions of reservoir pressure and temperature.

(b) *Condensate*: All separator liquids and natural gas liquids defined as follows:

(1) *Separator Liquids*: All liquid hydrocarbons which existed in the gaseous phase under original conditions of reservoir pressure and temperature recovered by the use of mechanical separators in the field and after stabilization of such liquids in the field. The term "mechanical separators" shall exclude any device which uses the principle of liquid recirculation for liquid recovery, adsorption process, or any external refrigeration process, but shall not exclude natural expansion, low temperature separators.

(2) *Natural Gas Liquids*: All ethane and heavier liquid and liquefiable hydrocarbons not defined as oil or separator liquids, together with such methane as cannot be separated from such ethane and liquefiable hydrocarbons, recovered (and saved and sold) under the operation of the processing facilities which Grantee shall install in the field.

(c) *Gas*: All hydrocarbons in and under and which may be produced from the leases and the depths covered by this Agreement and Conveyance that are not oil or

**A2627**

condensate as herein defined, and that are not generally found in a solid state. The unit of volume for the purpose

(A2627)

of measurement shall be one (1) cubic foot of gas at a base temperature of sixty (60) degrees Fahrenheit and at a pressure of fifteen and twenty-five thousandths (15.025) pounds per square inch absolute in accordance with the provisions of Louisiana R. S. 55:151-156, known as the "Standard Gas Measurement Law" of the State of Louisiana. Computation of volumes shall be made in accordance with A.G.A. Gas Measurement Committee Report No. Three, dated April 1955, and in supplements or revisions thereto.

(d) *Other Minerals*: Sulphur, potash, uranium and any substance covered by the described leases, or any of them, that are not hydrocarbons with the scope of the definitions of oil, condensate and gas as hereinabove defined, and all substances generally found in a solid state covered by a lease.

(e) *Net Interest in Production*: The net interest in production attributable from time to time hereafter to each leasehold interest hereby assigned which was owned by Grantors immediately prior to the execution of this Assignment and Conveyance. The royalty reserved by a Lessor (or owned by others on the date of this Assignment and Conveyance) and any overriding royalty, including an overriding royalty owned by a Grantor prior to the execution of this instrument, affecting the leasehold interest of a Grantor in any such lease as of the date of this Assignment and Conveyance shall be deducted from the gross production attributable from time to time hereafter to the leasehold interests of Grantors in such lease to determine the net interest in production. Production payments in existence prior to the execution of this instrument (including the production payments and other reservations made by Kirby Petroleum Company in conveyance to Continental Oil Company dated December 20, 1954, recorded on December 21, 1954, under Act No. 270176, Conveyance Book Z-13,

Page 210 of the records of Acadia Parish, Louisiana), shall not be deducted from gross production in determining net interest in production; provided, however, Grantors agree that the amount of any payments as to gas and condensate which Grantee makes (either before or after the termination of the production payment reserved in this Assignment and Conveyance) to the owner of any such production payment (including the holders of rights so reserved by Kirby referred to above) shall be paid to Grantee by the Grantor whose leasehold interest was burdened with such production payment upon billings therefor reflecting such payment by Grantee.

(f) *Separation Facilities*: All facilities used in removing or extracting separator liquids, including stabilization facilities and stock tanks for separator liquids, if such facilities are not installed and operated as a part of a plant facility.

Grantors except and reserve from this Assignment and Conveyance the following:

#### I. LEASEHOLD RIGHTS

A. *Deep Rights*: All leasehold rights insofar, but insofar only, as said leases described in Exhibit "A" affect depths that are found below the base of the Nodosaria "A" Sand, and correlatives of such sand, which Nodosaria "A" Sand is defined as the sand found at a depth of 13,650' to 13,890' on the basis of electrical log dated October 24, 1954, run in the Mrs. Telice G. Petitjean No. 1 Well located in Section 1, Township 9-S, Range 2-E, Rayne Field, Acadia Parish, Louisiana.

#### A2628

B. *Oil and Other Minerals, except Gas and Condensate*: All of the leasehold rights to the oil and other minerals, except gas and condensate, that may be found in and under

(A2628)

and produced from the lands and the leases described in Exhibit "A".

## II. PRODUCTION PAYMENT

A production payment (the benefits and burdens of which, as between Grantors, shall be owned, borne, and payable direct to each Grantor, in the proportions of Continental Oil Company 55.930697%, Sun. Oil Company 31.669095%, M. H. Marr 8.404469% and General Crude Oil Company 3.995739%) in said leasehold rights described in Exhibit "A", and all renewals and extensions thereof (including new leases on the mineral interests covered thereby, or a part thereof, or an interest therein), acquired by Grantee, its successors and assigns, during the term the production payment herein reserved, is applicable to any leasehold interest assigned and conveyed, with respect to the depths and areas assigned and conveyed to Grantee hereunder, which production payment is payable monthly out of condensate and is described, governed, limited and otherwise controlled by the following terms and provisions:

### A. *Condensate:*

#### (1) *Separator Liquids*

After Grantee has recovered from the proceeds received by Grantee from the sale of the separator liquids (attributable to the net interest in production (as same is hereinabove defined) covered by this instrument, Grantee's cost, as defined and limited below, of producing and operating the leasehold rights described in Exhibit "A", field gathering lines and the separation facilities on the basis hereinafter provided, Grantors shall be paid one hundred per cent (100%) of the remaining proceeds received by Grantee from the sale of all such separator liquids. The proceeds shall be the amount realized from the sale of such liquids, or pur-

suant to the terms of any contract for the sale and purchase of such liquids, less all taxes applicable to such liquids, or the handling and sale thereof, and less the cost of delivery to the purchaser thereof. In the event, and to the extent, of default by a purchaser under any contract for the sale of separator liquids, or in the event, and to the extent, such production cannot be disposed of (by long term contract, or otherwise) at the market price prevailing at the date of contract or sale, Grantee may market such production at the best price obtainable, or if, and to the extent that, no market is obtainable, may make such other disposition thereof as Grantee may elect.

Grantee agrees that before the gas and condensate produced from the leasehold rights leaves the Rayne Field, and before processing in a plant, the gas and the condensate not separated from gas in earlier stages of handling will (except when prevented by mechanical or operational difficulties) be run through a mechanical separator having an inlet pressure not to exceed 3,000 psig, and such separator having an outlet pressure of 1,250 psig, plus or minus 25 psig, and the separator liquids recovered will thereafter be stabilized together with liquids recovered in earlier stages of separation (except when prevented by mechanical or operational difficulties) before being run to stock tanks.

**A2629**

After Grantee has applied proceeds from the salvage of equipment (except with respect to wells hereafter drilled or to the extent deepened by Grantee) remaining after cost of salvaging and all sums received by it under those certain operating agreements described on page 34 of Exhibit "A" which are transferred to Grantee along with the leasehold rights, to defray its cost of producing and operating the leasehold rights (and the areas affected by said



(A2629)

operating agreements), field gathering lines, and separation facilities, Grantee shall be entitled to recover from the proceeds from the sale of separator liquids the remainder of its cost of producing and operating such leasehold rights (and such areas affected by said operating agreements), gathering lines, and separation facilities, which costs to be recovered are limited to those costs a prudent operator of the leases and areas would expend, including all taxes (except State, Federal and other governmental income, excess profits, capital stock, and corporate franchise taxes and taxes of a similar nature or equivalent in effect) levied or assessed against the separator liquids attributable to or borne by the net interest in production covered by this instrument, or based on the production thereof, and against the leasehold rights and equipment used in producing and operating the said leasehold rights and handling the production through the separation facilities, and except as qualified in paragraphs (a), (d) and (e) below, (i) amounts paid in settlement of claims against Grantee based on producing and operating the leasehold rights, gathering system and separation facilities, (ii) money judgments paid and costs of litigation relating to the title to a leasehold interest if the loss of title arose out of a defect existing as of the date hereof, and (iii) delay rentals paid and borne by Grantee. The maximum amount to be received by Grantee under the operating agreements referred to above and from the proceeds from the sale of separator liquids shall be the actual cost incurred by Grantee, without interest, plus a fixed sum of Four Thousand Dollars (\$4,000.00) per month. Each Grantor, or a designated representative of Grantors, shall have the right to audit the books and accounts of Grantee relating to the operation of said leasehold rights (and such areas subject to said operating agreements), field gathering lines and separation facilities, the sale of condensate production, and the accounting for the production payment, provided

(A2630)

that the audits of any one Grantor shall not be made more often than once during any calendar year.

It is expressly understood and agreed that:

(a) Costs and expenses incurred by Grantee in connection with, and liability arising from the operation of a processing plant and the handling of production therein shall not be included in the costs to be recovered by Grantee from the proceeds from the sale of separator liquids.

(b) When, in the operation of the leasehold rights, or any well or wells on the leasehold rights, the operating pressure of any well or wells is sufficient to produce such well or wells in paying quantities against a plant inlet gas separator pressure of 1050 psig or above, and compression is necessary to permit such well or wells to produce into the plant inlet gas separator when operated at pressures above 1050 psig, such compression shall be accomplished by Grantee and the cost thereof shall not be included in the cost to be recovered from the proceeds from the sale of separator liquids. Other than

#### A2630

as provided in the foregoing sentence, Grantee shall not be obligated to compress production or to install compression facilities. However, when any well or wells are unable to produce in paying quantities against a plant inlet gas separator pressure of 1050 psig and the well or wells cannot be continued on production without compression, and Grantee at its option elects to install compression facilities for such well or wells as are necessary to permit such well or wells to produce against the then existing plant inlet gas separator pressure, then in such event, Grantee may recover that part of the cost of installing and operating such facilities attributable to compressing up to said pressure of 1050 psig from the proceeds from the sale of separator liquids attributable to the net interest in pro-

(A2630)

duction covered by this instrument, but only if and to the extent that a prudent operator owning the assigned leasehold rights subject to all of the burdens thereon (except the production payment herein reserved) would install and operate such facilities.

(c) No secondary recovery, pressure maintenance, cycling or recycling program shall be commenced by Grantee, where the cost of such program is to be recouped from the proceeds from the sale of separator liquids, unless and until such program has been approved by the Commissioner of Conservation for the State of Louisiana or a successor official or body. Grantee shall not be required to institute any such program which it has not voluntarily applied for unless so required by order of the Commissioner of Conservation of the State of Louisiana or a successor official or body.

(d) The costs to be recovered by Grantee out of separator liquids shall never include any expenses incurred by Grantee in connection with the discharge of Lessee's obligation for royalty, overriding royalty, or production payments applicable to the assigned and conveyed leasehold rights.

(e) Liability incurred by Grantee arising from the negligence or other fault of the employees of Grantee shall not be included in the cost to be recovered by Grantee from the proceeds from the sale of separator liquids.

The cost of "producing and operating" shall include, but is not limited to, expenditures in connection with the reworking, recompletion, plugging back and abandonment of wells, maintenance and operation of wells and lease and well equipment, field gathering lines and separation facilities, and cost of services and equipment purchases relating to all of the foregoing, but shall not include the cost of drilling any well which may be commenced here-

(A2631)

after or the cost of deepening any well below the casing previously set therein and equipping same through the Christmas tree or plugging and abandoning as a dry hole.

(2) *Natural Gas Liquids*

Grantee agrees that it will construct, or cause to be constructed, with due diligence after the execution and delivery of this Assignment and Conveyance, a gas processing plant to extract natural gas liquids, and after construction of such plant, to operate and maintain same, or cause same to be operated and maintained, as a prudent operator. At the end of each calendar month after the completion of such plant an accounting, in accordance with the provisions of Exhibit "B"

**A2631**

hereto attached, shall be made to the Grantors (as the owners of the production payment) from the proceeds from the sale of such natural gas liquids. In connection with the above computation, production payments in existence prior to the execution of this instrument (including production payments and other reservations made by Kirby Petroleum Company in the conveyance to Continental Oil Company referred to above) shall be considered, and payments in connection therewith (and reimbursement therefor) shall be made, in the same manner as provided in determining "net interest in production" as hereinabove set forth.

**B. Limitations on Production Payment:**

(1) The production payment shall continue in effect until the gas production saved and taken by Grantee attributable to the net interest in production covered by this instrument equals 613,406,770,000 cubic feet of gas, measured after condensate is removed, or until the economically recoverable gas reserves in the assigned and conveyed lease-

(A2631)

hold rights attributable to the net interest in production covered by this Assignment and Conveyance equal 30 billion cubic feet of gas, as the term "gas" is herein defined, whichever occurs first, whereupon said production payment shall cease and terminate.

(a) When, in the opinion of Grantee, the leasehold interests affected by this Assignment and Conveyance are reaching a state of depletion which would terminate the production payment reserved by Grantors, prior to termination by reason of production in the quantity of 613,406,770,000 cubic feet of gas as specified above, then at least six (6) months, but not more than nine (9) months, prior to the time Grantee estimates that the reserved production payment will terminate, Grantee shall give each Grantor notice of its calculation of the remaining economically recoverable gas reserves attributable to the net interest in production covered by this Assignment and Conveyance, setting out in the notice the hour and date as of which the computation is made. In computing the economics of recovery of the final 30 million cubic feet of economically recoverable reserves, the production payment of Grantors herein reserved shall not be treated as part of the burdens to which Grantee is subject as owner of such leasehold interests, but all royalty, overriding royalty, production payments and other burdens to which such leasehold interests were subject, and which will be applicable to the final 30 billion cubic feet of economically recoverable gas reserves, at the time of this Assignment and Conveyance to Grantee shall be so included; and gas, as herein defined, shall be valued at 22.6¢ per MCF, in making a determination of economically recoverable gas reserves. Within thirty (30) days after receipt of the notice each Grantor shall notify Grantee of any questions, clarifications, objections or comments that it may have regarding Grantee's determination with copy to each other Grantor. Failure of

**(A2632)**

a Grantor to reply to the notice from Grantee within the thirty-day period shall be conclusive proof that such Grantor concurs in the opinion and determination of Grantee.

Should any Grantor question the determination of Grantee by written notice to Grantee within said thirty-day period, and the protesting Grantor, and all other Grantors, and Grantee are unable to agree upon the remaining

**A2632**

quantity of economically recoverable gas reserves within sixty (60) days after all Grantors have received the notice from Grantee, then the determination of the then economically recoverable gas reserves attributable to the net interest in production covered by this Assignment and Conveyance shall be submitted to and determined by arbitration in the manner provided below.

Within fifteen (15) days after the expiration of the period of time set out in the paragraph above, without mutual agreement of Grantee and all Grantors, Grantee and Grantors shall attempt in good faith to agree upon and designate in writing a disinterested consultant or consulting firm of established reputation and experience in the field of gas reserves which consultant or firm shall serve as arbitrator.

If all parties are unable in such fifteen (15) day period to agree upon and select an arbitrator, then any party shall have the right to apply to the person who is then Secretary of the American Petroleum Institute for the appointment of such arbitrator. Each of the other parties shall be privileged to submit to the Secretary of the American Petroleum Institute a list of consultants or a consulting firm of established reputation and experience acceptable to it with a request that within fifteen (15) days after reference to the Secretary of the American Petroleum



(A2632)

Institute one of the designated consultants shall be appointed by the Secretary of the American Petroleum Institute as arbitrator.

The arbitrator chosen by the parties, or pursuant to application for appointment by the Secretary of American Petroleum Institute, shall fix a reasonable time and place for the hearing at which time all interested parties may submit such evidence as they see fit. Such arbitrator shall determine the quantity of economically recoverable gas reserves attributable to the net interest in production covered by this Assignment and Conveyance as of the date and hour of determination by Grantee. The decision of such arbitrator shall be set forth in writing and shall be final and binding on all parties. The costs of the arbitration shall be paid one-half ( $\frac{1}{2}$ ) by Grantee and one-half ( $\frac{1}{2}$ ) by the several Grantors in the proportions of their respective percentages of the net interest in production covered by this Assignment and Conveyance.

(b) After the date that Grantee has forwarded to Grantors its estimate of the economically recoverable gas reserves, monthly statements of production will set out the volume remaining to be produced prior to the estimated date of termination of the reserved production payment, which balance remaining to be produced shall be computed by deducting from the economically recoverable gas reserves as originally estimated by Grantee, or as may be determined by arbitration, the cumulative total of subsequent production. All Grantors shall be given written notice by Grantee of the date and hour that the reserved production payment has terminated. In the event arbitration becomes necessary, then all sums thereafter payable to Grantors for the reserved production payment shall be deposited in an escrow account in a national banking association for distribution consistent with the determination of the economically recoverable gas reserves by the arbitrator.

**A2633**

(2) The production payment shall not constitute a debt or personal liability of Grantee, but same is to be paid as provided herein, if, as and when produced from said leasehold rights.

(3) The production payment shall bear all taxes of every kind and character properly chargeable against such payment and the condensate production on which it is based.

(4) With regard to any portion of said leasehold rights which has been pooled or unitized on the date hereof, and with regard to any portion of said leasehold rights which may hereafter by order of the Department of Conservation of the State of Louisiana or other governmental authority be pooled, unitized or integrated, the interest in production which Grantors are entitled to receive by virtue of said production payment as to said tracts so pooled, unitized or integrated shall be adjusted in like manner as is provided with regard to the royalty interest of the Lessor or as is provided in such contract, law, regulation or order.

This assignment is made and accepted subject to all of the terms, provisions and conditions of the oil, gas and mineral leases described in Exhibit "A." Grantee agrees that it will pay, or cause to be paid, any delay rental payments which may be required to maintain any of the leases; provided, however, that if, on a surface acre basis, a part of a lease affected hereby is retained by one or more Grantors, such Grantor (or Grantors) shall bear the pro rata portion (on a surface acre basis) of the expense of, any such delay rental payments. Grantee further agrees that it will pay, or cause to be paid, at its expense, any shut-in gas well payment that may be required for a gas well completion in the assigned and conveyed depths; otherwise such payment shall be the obligation of Grantors. Grantee shall never be held liable or responsible in dam-

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ages for any error in connection with the payment or non-payment of shut-in royalty or delay rental as long as such acts are done or omitted in good faith.

Grantee agrees that so long as a lease included in the assigned and conveyed leasehold interests can be developed and produced in paying quantities, it will so develop and produce such lease and otherwise comply with the obligations of the lease, insofar as assigned and conveyed, as a prudent operator; provided, however, that Grantee may, by tendering to Grantors (in the proportionate interest set out herein for ownership of the production payment) a reassignment of the interest conveyed to it hereunder in said lease or portion thereof, free and clear of any mortgage, lien, encumbrance, production payment or other obligation (excepting, however, first, such of the foregoing as are created by Grantee with the advance written consent of Grantors; second, such of the foregoing as are a burden on the leasehold interest assigned hereunder immediately prior to the effective date hereof; third, Grantors' vendors' lien and privilege; and fourth, the Acts of Mortgage and Pledge executed to secure Grantors in the credit portion of the purchase price therefor), be relieved of all obligations as to said reassigned lease or portion thereof thereafter accruing (including the responsibility for compliance with any demand for a release of a lease or a portion thereof made by a Lessor which is the immediate reason for the tender of reassignment), and such obligations shall be assumed by Grantors. Subsequent to the date of any such reassignment to Grantors, production from the reassigned lease shall be free of the production payment herein reserved and shall not thereafter be considered in determining the termination of the production payment. When the assigned and conveyed leasehold interests are no longer being produced from

**A2634**

a lease described in Exhibit "A" and a prudent operator would not further drill or develop same and the reserved and excepted leasehold interests of Grantors in such lease are being produced or developed, Grantee shall, upon request, tender to Grantors for concurrence a release of the assigned leasehold rights to Lessor, free and clear of any mortgage, lien, encumbrance, production payment or other obligation (excepting, however, first, such of the foregoing as are created by Grantee with the advance written consent of Grantors; second, such of the foregoing as are a burden on the leasehold interest assigned, hereunder immediately prior to the effective date hereof; third, Grantors' vendors lien and privilege; and, fourth, the Acts of Mortgage and Pledge executed to secure Grantors in the credit portion of the purchase price herefor) covering all of the leasehold interests in and to such lease acquired under this Assignment and Conveyance, and thereafter Grantee shall have no further obligation to Lessor under the lease and such obligations shall be assumed by Grantors.

Should Grantors elect not to maintain their interest in a lease, or elect not to comply with a claim, demand or obligation of a lease, and the terms of the said lease do not permit a partial release, insofar as Grantors' rights are affected, and Grantors are unable to secure Lessor's acceptance of a partial release, Grantors shall so notify Grantee and Grantee shall promptly, at its option, either join in a release of the said lease or accept an assignment of all reserved rights of Grantors in and to said lease and hold Grantors harmless from claims arising subsequent to the notice but including, however, the responsibility for compliance with any demand for a release of a lease or a portion thereof made by a Lessor which is the immediate reason for the notice. Subsequent to the date of any such assignment to Grantee, production from the assigned lease

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shall be free of the production payment herein reserved and shall not thereafter be considered in determining the termination of the production payment.

Grantors reserve and except from this Assignment and Conveyance such rights of ingress, egress and easements as are necessary to explore for, drill, produce, store, transport, separate, treat, process and market production of oil and other minerals above the base of the Nodosaria "A" Sand, and all oil, gas, condensate and other minerals below the base of the Nodosaria "A" Sand. Grantors reserve such other rights and easements under and by virtue of the assigned and conveyed leases as may be necessary or desirable to develop and operate the interests in the described leases and lands reserved to Grantors herein. Grantors and Grantee agree that they will conduct all operations in connection with their respective interests in said leases in such manner that each will not unduly interfere with the operations of the other. Locations on the surface and drilling wells shall be a reasonably safe distance from previous installations, locations and wells of the other party, and each party shall keep the other advised of its proposed and completed locations. Precautions shall be taken in all wells to protect the leasehold interests of the party not owning an interest in the well.

Should Grantee or Grantors elect to plug and abandon a well or wells located on the lands described in Exhibit "A" and remove the casing therefrom, then prior to the removal of any casing or other material or equipment in or on such well and the actual plugging of same, the party electing to plug and abandon shall notify all other parties of its intention, and the parties so notified shall have the right for a period of forty-eight (48) hours (exclusive of Saturdays, Sundays and legal holidays) after receipt of such notice to take over such well and all of the casing therein, and all or any part of other material or equipment



**A2635**

thereon or therein, for the purpose of plugging back, deepening, completing or recompleting such well as a well producing from the leasehold rights of such party or parties. If a party or parties receiving notice elect to take over such well, such party or parties shall pay the party giving notice of intention to plug and abandon the reasonable salvage value, less the reasonable cost of recovering and removing same, for all of the recoverable casing and the materials and equipment which such party or parties elect to take over, which payment shall be made on or before fifteen (15) days after the determination of such salvage value or the taking over of such well, whichever event shall last occur. If the parties receiving notice of intention to plug and abandon do not elect to take over any such well, by giving notice of their election to take over within the time permitted above, the party giving notice of intention to plug and abandon shall be free to pull and remove the casing therefrom and proceed to plug and abandon such well. The provisions of this paragraph shall never cause or require any reversions to Grantors of the leasehold interest assigned and conveyed hereby nor shall Grantee be required hereby to plug and abandon or to offer for purchase any well which Grantee may elect to shut in without abandoning or which Grantee may elect to rework or recomplete as a gas well.

All benefits and burdens of Grantors hereunder shall, as between Grantors, be owned and borne in the proportionate interest set out herein for ownership of the production payment.

The provisions hereof shall inure to the use and benefit of the parties hereto and shall be covenants running with the land and binding upon the Grantors and Grantee, their heirs, legal representatives, successors and assigns with the express understanding that any assignment or trans-



(A2635)

fer of an interest of Grantee acquired heretunder is expressly prohibited and shall be null and void, unless at least thirty (30) days prior to the closing date of the proposed transfer Grantors are advised in writing of the name of the proposed purchaser with proof that the sale can be completed and furnished copies of all instruments to be completed with detailed information as to the purchase price and method of payment. Grantors shall have the preferential right and option to purchase and acquire such interest (in the proportionate interest set out herein for ownership of the production payment) for the consideration and upon the same terms and conditions as that proposed. Unless Grantors notify Grantee that they, or any one or more of them, for the full interest to be transferred, exercise their preferential option to purchase within fifteen (15) days after receipt of the notice of the proposed sale, the option as to such proposed sale shall be terminated. A transfer by Grantee, and any subsequent transfer, shall include a provision that Grantors shall have a preferential right to purchase from such purchaser, identical with that reserved herein and it shall contain a recognition of Grantors' vendors' lien and privilege to secure the unpaid portion of the purchase price for the leasehold rights assigned and conveyed herein, and the fifteen (15) day period that Grantors have to exercise their preferential right to purchase shall not commence to run unless and until the instruments presented contain such provisions. The preferential right to purchase does not apply in case of a merger, consolidation, transfer to a subsidiary or parent corporation, or any involuntary transfer thereof required by law when Grantee cannot legally meet the requirements of this paragraph, provided that Grantee shall give each Grantor notice immediately after it is informed by proceedings or order that such involuntary transfer may be or is required; however, all such transfers

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shall contain provisions preserving the preferential right of Grantors herein to purchase.

**A2636**

Except for the Acts of Mortgage and Pledge executed to secure Grantors in the credit portion of the purchase price herefor, a copy of any proposed mortgage, lien or other encumbrance to be placed on the leasehold interests acquired by Grantee hereunder, whether placed on the property by Grantee or a successor and assign, shall be furnished to Grantors. The mortgage, lien or encumbrance shall contain express provisions permitting each Grantor to foreclose its or his mortgage securing the notes for the credit portion of the consideration for the sale, without notice to the holder thereof, and shall obligate the holder to release the subject property from his mortgage, lien or encumbrance when the proceeding by such Grantor is complete. Prior to the time the credit portion of the purchase price for the leasehold rights assigned and conveyed herein is paid in full, the placing of a mortgage, lien or encumbrance is prohibited, unless a copy of the proposed mortgage, lien or encumbrance has been furnished to each Grantor as provided in this paragraph and the written approval of all Grantors to such proposed mortgage, lien or encumbrance has been given.

Any notice or other communication hereunder shall be deemed to be fully given if deposited in the United States Post Office, by registered mail, postage fully prepaid, addressed to the parties at the addresses set out below

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or such other addresses as they shall hereafter designate in writing:

Continental Oil Company  
Attention: Mr. O. L. Fisher  
P. O. Box 2197  
Houston 1, Texas

Sun Oil Company  
Attention: Mr. Buford R. Koehler  
P. O. Box 2831  
Beaumont, Texas

M. H. Marr  
Attention: Mr. Donley C. Wertz  
2500 Republic National Bank Building  
Dallas, Texas

General Crude Oil Company  
Attention: Mr. J. W. Cutbirth  
P. O. Box 2252  
Houston 1, Texas

Louisiana Gas Corporation  
Attention: Mr. Campbell A. Griffin  
11th Floor — Esperson Building  
Houston 2, Texas

Each party shall have the right to change its address for all purposes by notifying each of the other parties hereto of the new address in writing. In the event of any transfer under the terms hereof which results in the interest originally vested in any party hereto being divided into ownership by more than one party, then the holders of such original interest divided into more than one ownership shall for the purposes of

**A2637**

convenience under the terms hereof, designate one person to whom all notices shall be given, and such giving of

(A2637)

notice shall be effective as to all parties then owning said interest.

In Testimony Whereof, this Assignment and Conveyance has been executed by all parties in multiple originals on this ..... day of ....., 1959.

CONTINENTAL OIL COMPANY

By .....

*Vice President*

Witnesses:

.....  
.....

SUN OIL COMPANY

By .....

*Agent and Attorney in Fact*

.....  
.....

.....  
M. H. MARR

.....  
.....

GENERAL CRUDE OIL COMPANY

By .....

*Vice President*

Grantors

.....  
.....

LOUISIANA GAS CORPORATION

By .....

*President*

.....  
.....

.Grantee

(A2638)

A2638

STATE OF TEXAS  
COUNTY OF HARRIS

On this ..... day of ....., 1959, before me, a Notary Public, appeared ....., to me personally known, who being by me duly sworn, did say that he is Vice President of Continental Oil Company, a corporation, and that the foregoing instrument was signed on behalf of the said corporation by authority of its Board of Directors, and the said ..... acknowledged said instrument to be the free act and deed of said corporation.

Witness my official signature and seal as such Notary Public on the day, month and year first above written.

.....  
Notary Public in and for  
Harris County, Texas

STATE OF TEXAS  
COUNTY OF HARRIS

On this ..... day of ....., 1959, before me, a Notary Public, appeared ....., to me personally known, who being by me duly sworn, did say that he is Agent and Attorney in Fact of Sun Oil Company, a corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and said ..... acknowledged said instrument to be the free act and deed of said corporation.

Witness my official signature and seal as such Notary Public on the day, month and year first above written.

.....  
Notary Public in and for  
Harris County, Texas

STATE OF TEXAS  
COUNTY OF HARRIS

On this ..... day of ....., 1959, before me, a Notary Public, personally appeared M. H. Marr, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Witness my official signature and seal as such Notary Public on the day, month and year first above written.

.....  
Notary Public in and for  
Harris County, Texas

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STATE OF TEXAS  
COUNTY OF HARRIS

On this ..... day of ....., 1959, before me, a Notary Public, appeared ....., to me personally known, who being by me duly sworn, did say that he is Vice President of General Crude Oil Company, a corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and said ..... acknowledged said instrument to be the free act and deed of said corporation.

Witness my official signature and seal as such Notary Public on the day, month and year first above written.

.....  
Notary Public in and for  
Harris County, Texas

STATE OF TEXAS  
COUNTY OF HARRIS

On this ..... day of ....., 1959, before me, a Notary Public, appeared ....., to me personally known,



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who being by me duly sworn, did say that he is President of Louisiana Gas Corporation, a corporation, and that the foregoing instrument was signed on behalf of the said corporation by authority of its Board of Directors, and said ..... acknowledged said instrument to be the free act and deed of said corporation.

Witness my official signature and seal as such Notary Public on the day, month and year first above written.

.....  
Notary Public in and for  
Harris County, Texas

**A2640**

**EXHIBIT "A"**  
**TO**  
**ASSIGNMENT AND CONVEYANCE**  
**↑ RAYNE FIELD**  
**ACADIA PARISH, LOUISIANA**  
**BETWEEN**  
**CONTINENTAL OIL COMPANY, ET AL,**  
**AS GRANTORS**  
**AND**  
**LOUISIANA GAS COMPANY, AS GRANTEE**

Dated ....., 1959

(The recording references hereinafter given are all in the Conveyance Records of Acadia Parish, Louisiana)

Leases with ownership:

Continental 56.95%, Sun 27.81%, M. H. Marr 10.43%,  
Ger ral Crude 4.81%.

A-1. Continental Lease No. 68881, dated December 6, 1949, between Allen J. Faul, Lessor, and W. Brooke Hamilton, Lessee, recorded under File No. ...., Book E-10.

Page 286, covering and affecting lands described as follows, to-wit:

A certain tract of land containing 43 acres, more or less, situated in Section One (1), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows to-wit:

On the North by lands of Armogeon Meche; On the East by lands of Mrs. Andre Menard; on the South by lands of Noah Stelly; On the West by lands of Dupreville Cormier and Willie Lyons.

A-2. Continental Lease No. 68882, dated December 8, 1949, between Noah Stelly, Lessor, and W. Brooke Hamilton, Lessee, recorded under File No. ...., Book E-10, Page 310, covering and affecting lands described as follows, to-wit:

A certain tract of land containing 50 acres, more or less, situated in Section One (1), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Elmo Credeur, Willie Lyons, and Allen J. Faul; On the East by lands of Pierre N. Cormier or Assigns; On the South by lands of Mrs. Martin Petitjean; On the West by lands of Elmo Credeur.

A-3. Continental Lease No. 68883, dated August 19, 1949, between Elton A. Arceneaux, Lessor, and W. Brooke Hamilton, Lessee, recorded under File No. 224703, Book W-9, Page 71-72, covering and affecting lands described as follows, to-wit:

A certain tract of land containing 60 acres, more or less, situated in Section Eleven (11), Township Nine

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South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Waddy Arceneaux and Lennie Arceneaux; On the East by lands of Mrs. T. G. Petitjean, Henry and Edward Arceneaux or assigns; On the South by lands of Eugene Dupuis or assigns; on the West by lands of Waddy Arceneaux and Lennie Arceneaux.

A-4. Continental Lease No. 68884, dated December 9, 1949, between Alicia Roach Blanchard, Widow, Lessor, and W. Brooke Hamilton, Lessee, recorded under File No.

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226590, Book E-10, Page 294, covering and affecting lands described as follows, insofar but only insofar as said lease covers 103.20 acres, to-wit:

A certain tract of land containing 103.20 acres, more or less, situated in Section One (1) and Twelve (12), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows:

North by lands of Ovey Arceneaux, Mr. T. G. Petitjean and Noah Stelly; East by lands of Pierre N. Cormier and Joel W. Golsby, et al; South by lands of Joel W. Golsby, et al, and Edward Arceneaux; West by lands of Mrs. T. G. Petitjean and Ovey Arceneaux.

A-5: Continental Lease No. 68885, dated September 1, 1949, between Estate of J. S. Arceneaux, Sr., Inc., Lessor, and W. Brooke Hamilton, Lessee, recorded under Entry No. 226587 in Conveyance Book E-10, Page 281, as ratified by instrument dated March 19, 1954, executed by Davis Roy Arceneaux et al, and recorded under Entry No.

264750, covering and affecting lands described as follows, to-wit:

Tract 1: 245 acres, more or less, situated in Section Two (2) and Three (3), Township Nine (9) South, Range Two (2) East, Acadia Parish, Louisiana, and further described as bounded on the Northeast by Ovey Arceneaux, on the East by Noah Stelly, T. Gaspard, or assigns, Ovey Arceneaux and Public Road; Southeast by public road; Southwest by Martin Petitjean and G. Monton; Northwest by Estate of Homer Arceneaux, or assigns.

Tract 2: 20 acres, more or less, situated in Section Three (3), Township Nine (9) South, Range Two (2) East, Acadia Parish, Louisiana, and further described as bounded Northwest by Bayou Wikoff, South, Southwest and West by Estate of Homer Arceneaux, or assigns, Northeast by Estate of Moise Arceneaux, or assigns, East by Estate of Moise Arceneaux, or assigns.

A-6. Continental Lease 68886, dated April 7, 1951, by and between W. Petitjean and Company, Lessor, and M. H. Marr, Lessee, recorded under File No. 243879, in Volume C-11, Page 199, covering and affecting lands described as follows, to-wit:

A certain tract of land situated in Section Four (4) and Forty-Seven (47), Township Nine (9) South, Range Two (2) East, Louisiana Meridian, Acadia Parish, Louisiana, containing Three Hundred Sixty-Six (366) acres, more or less, bounded North by Bayou Wikoff, Claby Dugas, or assigns, Ovey Alleman, or assigns, J. Warren Arceneaux, or assigns, a small tract of land belonging to Martin Petitjean, or assigns, Gerard Mouton, or assigns, Celina Mouton Comeaux, or assigns, Bertrand Sweeny and Arnold Kahn, or assigns, J. Weston Arceneaux, or assigns,

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J. Walter Arceneaux, or assigns, and Lennie Arce-neaux, or assigns, South by Gerard Mouton, or assigns, Leonce Breaux, or assigns, John Bearb, or assigns, Lenes Hulin, or assigns, Leewood Richard and Rodney Richard, or assigns, Lilly H. Comeaux, or assigns, Clemence H. Gussman, or assigns, Rosa H. Falcon, or assigns, and Estate of Jean Falcon, or assigns, East by Bayou Wikoff, Claby Dugas, or assigns, Celina Monton Comeaux, or assigns, J. Warren Arceneaux, or assigns, Bertrand Sweeny and Arnold Kahn, or assigns, J. Walter Arceneaux, or assigns, Lennie Arce-neaux, or assigns, Gerard Mouton, or assigns, and Leonce Breaux, or assigns, and West by Gerard

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Mouton, or assigns, John Bearb, or assigns, Lenes Hulin, or assigns, Leewood Richard and Rodney Richard, or assigns, Lilly H. Comeaux, or assigns, Clemence H. Gussman, or assigns, Rosa H. Falcon, or assigns, Estate of Jean Falcon, or assigns and Bayou Wikoff.

A certain tract of land situated in Section Forty-Seven (47) Township Nine (9) South, Range Two (2) East, Louisiana Meridian, Acadia Parish, Louisiana, containing Two and 88/100 (2.88) acres, more or less, and being Lots No. Two (2) and Three (3) of Block "C" of the partition of Gabriel Mouton, et al, recorded under File No. 66624, at Pages 774; et seq., of Conveyance Book Q-3, Records of Acadia Parish, Louisiana.

A-7. Continental Lease No. 68887, dated June 27, 1952, between Felix Falcon, Lessor, and F. J. Muller, Lessee, recorded under File No. 253269, Book R-11, Page 375, covering and affecting lands described as follows, to-wit:



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4 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Northeast by lands of Ursin Trahan; Southeast by lands of John Trahan; Southwest by lands of Azema Moss and Honore Doget, M. A. Petitjean; Northwest by lands of M. A. Petitjean and Bayou Wikoff and or Pirmin H. Habetz.

A-8. Continental Lease No. 68888, dated July 27, 1952, between Isaac Hanks, Lessor; and F. J. Muller, Lessee, recorded under File No. 253271, Book R-11, Page 380, covering and affecting lands described as follows, to-wit:

3.5 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Northeast by lands of M. and A. Petitjean, Bayou Wikoff; Southeast by lands of Azema Moss and Honore Doget; Southwest by lands of Adolph Petitjean; Railroad-Right-of-Way and or Leo Moss; Northwest by lands of Bayou Wikoff, and or A. Moss and Honore Doget.

A-9. Continental Lease No. 68889, dated November 3, 1952, between J. Warren Arceneaux, Lessor, and Henry T. Duson, Lessee, recorded under File No. 255400, Book Y-11, Page 278, covering and affecting lands described as follows, to-wit:

One Hundred Twenty-Three and 82/100 (123.88) acres, more or less, situated in Sections Three (3) and Forty-seven (47), Township Nine (9) South, Range Two (2) East, Louisiana Meridian, Acadia Parish, Louisiana, more particularly described as follows:

(a) Thirty six and 63/100 (36.63) acres, more or less in Section Forty Seven (47), Township Nine (9) South,



**(A2342).**

**Range Two (2) East, bounded now or formerly as follows:**

On the Northwest by land of Claby Dugas; on the Northeast by land of Lessor herein described under "(c)" and "(b)"; on the Southeast by land

**A2643**

of W. Petitjean and Co., and on the Southwest by land of W. Petitjean and Co.

(b) Forty-seven and 15/100 (47.15) acres, more or less, in Sections Three (3) and Forty-Seven, Township Nine (9) South, Range Two (2) East, bounded now or formerly, as follows:

On the Northwest by lands of Lessor herein described under "(c)", of J. S. Arceneaux and Warren J. Arceneaux; on the Northeast by lands of Dumas Cormier; on the Southeast by land of Arnold Kahn, et al; and on the Southwest by land of W. Petitjean & Co., and of lessor herein described under "(a)";

(c) Twenty-five and 85/100 (25.85) acres, more or less, in Section Forty-Seven (47), Township Nine (9) South, Range Two (2) East, bounded now or formerly, as follows:

On the Northwest by land of Arnold Kahn, et al; on the Northeast by land of J. S. Arceneaux; on the Southeast by land of Lessor herein described under "(b)"; and on the Southwest by land of Lessor, herein described under "(a)" and "(d)", and of Claby Dugas;

(d) Seven and 56/100 (7.56) acres, more or less, in Section Forty-Seven (47), Township Nine (9) South, Range Two (2) East, bounded now or formerly as follows:

On the Northwest by Bayou Wikoff and land of Lessor herein described under "(e)"; on the Northeast by land of Arnold Kahn, et al, and other land of Lessor herein described under "(c)"; on the Southeast by land of Claby Dugas; and on the Southwest by land of Claby Dugas;

(e) Five (5) acres, more or less, in Section Forty-Seven (47), Township Nine (9) South, Range Two (2) East, bounded now or formerly, as follows:

On the Northwest by Bayou Wikoff; on the Northeast by land of J. Tenas Arceneaux, Agnes Janice Romero, and J. Walter Arceneaux; on the Southeast by land of Lessor herein described under "(d)", and Bayou Wikoff; and on the Southwest by Bayou Wikoff;

(f) One and 63/100 (1.63) acres, more or less, in Section Forty-Seven (47), Township Nine (9) South, Range Two (2) East, bounded now or formerly, as follows:

On the Northwest by Bayou Wikoff; on the Northeast by land of W. Petitjean and Co.; On the Southeast by land of W. Petitjean and Co.; and on the Southwest by land of Ovey Allemand or Claby Dugas.

A-10. Continental Lease No. 68890, dated November 14, 1952, between John Bearb, et ux, Lessor, and Sun Oil Company as Lessee, recorded under File No. 255477, Book Y-11, Page 526, covering and affecting lands described as follows, insofar but only insofar as said lease covers 41 acres, to-wit:

41 acres of land, more or less, located in Section 4, Township 9 South, Range Two (2) East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Northeast by lands of Martin Petitjean, Gerard Mouton, Southeast

**A2644**

by lands of Gerard Mouton; Southwest by lands of Mrs. Clement Hulin, et al, Northwest by lands of Martin Petitjean.

A-11. Continental Lease No. 68891, dated August 18, 1949, between Thelice G. Petitjean, Lessor, and W. Brooke Hamilton, Lessee, recorded under File No. 224700, Book W-9, Page 65, covering and affecting lands described as follows, to-wit:

Tract No. 1: A tract of land containing 65 acres, more or less, situated in Section 1, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded as follows, to-wit:

Bounded on the North by lands of Noah Stelly or assigns; bounded on the East by lands of T. Blanchard Est., or assigns; bounded on the South by lands of Ovey Arceneaux and T. Blanchard Est., or assigns; bounded on the West by lands of Wady Arceneaux or assigns;

Tract No. 2: A tract of land containing 40 acres, more or less, situated in Section 12, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded as follows, to-wit:

Bounded on the North by lands of Ovey Arceneaux or assigns; bounded on the East by T. Blanchard Est., or assigns; bounded on the South by lands of E. Brussard and Edward Arceneaux or assigns; bounded on the West by lands of Alton Arceneaux or assigns.

A-12. Continental Lease No. 68892, dated December 6, 1949, between Dupreville Cormier, et ux, Lessor, and W. Brooke Hamilton, Lessee, recorded under File No. ....

Book E-10, Page 290, covering and affecting lands described as follows, to-wit:

A certain tract of land containing 73.73 acres, more or less, situated in Section 1, Township 9 South, Range 2 East, Acadia Parish, Louisiana; bounded as follows, to-wit:

North by lands of Emilie Navarre, Mrs. T. Melancon, Eddie Melancon, and Lezie Comeaux, or assigns; East by lands of Amogeon Meche and Allen J. Faul, or assigns; South by lands of Mrs. L. Castile, Elmo Credeur and Noah Stelly, or assigns; West by Emile Cormier, Mrs. L. Castile and Elmo Credeur, or assigns.

A-13. Continental Lease No. 68906, dated August 22, 1949, between Dumas Cormier, Lessor and W. Brooke Hamilton, Lessee, recorded under File No. 224704, Book W-9, Page 73-74, covering and affecting lands described as follows, to-wit:

A certain tract of land containing 91.5 acres, more or less, situated in Section 3, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the Northwest by a creek and the lands of Claud Cohanen, Renk Cohanen and G. Cohanen or assigns; on the Northeast by lands of Ovey Arceneaux; on the Southeast by lands of Ovey Arceneaux and Lennie Arceneaux; on the Southwest by lands of W. J. Arceneaux, J. Warren Arceneaux, Sweeney and Kahn, J. Walter Arceneaux, J. Western Arceneaux, or assigns, and Gravel Road.

A-14. Continental Lease No. 68907, dated June 8, 1945, between Gerard Mouton,

**(A2645)**

**A2645**

Lessor, and F. J. Muller, Lessee, recorded under File No. 188771, Book E-8, Page 230, covering and affecting lands in Acadia Parish, Louisiana described as follows, to-wit:

Tract No. 1: 122.50 acres, more or less, located in Section 47, Township 9 South, Range 2 East, bounded North by lands of Martin Petitjean; East by lands of Martin Petitjean and J. Clyde Arceneaux; South by lands of Dolzie Dupuis and Zepherin Breaux, West by lands of Martin Petitjean.

Tract No. 2: 40 acres of land, more or less, located in Section 4, Township 9 South, Range 2 East, bounded North by lands of John Bearb and Martin Petitjean; East by lands of Martin Petitjean; South by lands of Lessor; West by lands of John Bearb;

Tract No. 3: 36.08 acres of land, more or less, located in Section 11, Township 9 South, Range 2 East, bounded North by land of John Bearb and Lessor; East by lands of Zepherin Breaux; South by lands of J. Bearb; Manuel Petitjean and Mrs. Theophile Petitjean; West by Mrs. Theophile Petitjean and Manuel Petitjean

Tract No. 4: 4.42 acres of land, more or less, located in Section 47, Township 9 South, Range 2 East, bounded North by Bayou Wikoff; East by Gabriel Mouton, South by Gabriel Mouton and Martin Petitjean; West by Cemetery.

A-15. Continental Lease No. 68908, dated August 29, 1949, between Claby Dugas, Lessor, and F. J. Muller, Lessee, recorded under File No. 221530, Book V9, Page 23, and as amended by an instrument dated June 24, 1954, executed by Claby Dugas and recorded under Entry No. 266840, covering and affecting lands described as follows, to-wit:

27.33 acres, more or less, bounded now or formerly, North by Philomene A. Johnson, or assigns, Lena A. Junot, or assigns, Celina M. Comeaux, Laura M. Castille, Dermas Mouton and Bayou Wikoff; South by Celina M. Comeaux, Martin Petitjean and Gerard Mouton; East by Philomene A. Johnson or assigns, Lena A. Junot, or assigns, Dermas Mouton and Bayou Wikoff and West by Martin Petitjean, Gerard Mouton and Bayou Wikoff.

2. acres, more or less, bounded now or formerly North by Alcee Alleman, or assigns and Bayou Wikoff; South by Martin Petitjean; East by Alcee Alleman, or assigns, and West by Martin Petitjean and Bayou Wikoff.

1 acre, more or less, bounded now or formerly, North by Bayou Wikoff; South by Martin Petitjean; East by Laura Mouton Castille, and West by Alcee Alleman.

3.78 acres, more or less, bounded now or formerly North by Bayou Wikoff; South and West by Gabriel Mouton and East by Laura Mouton Castille. All of the above described land is situated in Section 47, Township 9 South, Range 2 East.

A-16. Continenal Lease No. 68909, dated August 19, 1949 between J. Ovey Arceneaux, et al, Lessor, and Brooke Hamilton, Lessee, recorded under File No. 224702. Book W-9, Page 59-60, and as amended by an instrumnt dated July 1, 1954, executed by J. Ovey Arceneaux, et al, and recorded under Entry No. 267171, covering and affecting lands described as follows, to-wit:

Tract No. 1: A certain tract of land containing 70 acres, more or less, situated in Section 46, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded as follows, to-wit:



**A2646**

On the Northwest by Isaac Melancon and Joe Gossen or assigns; on the Northeast by lands of Emile Cormier, Mrs. L. Castille and Noah Stelly or assigns; on the Southeast by lands of J. Ovey Arceneaux; on the Southwest by lands of J. Ovey Arceneaux and P. N. Cormier or assigns.

Tract No. 2: A certain tract of land containing 50 acres, more or less, situated in Section 1, and 12, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Mrs. T. G. Petitjean; on the East by lands of T. Blanchard Est., or assigns; on the South by lands of Mrs. T. G. Petitjean and T. Blanchard Est., or assigns; on the West by Public Road and Lands of Waddy Arceneaux.

A-17. Continental Lease No. 68910, dated September 13, 1949, between J. Willie Lyons, Lessor, and W. Brooke Hamilton, Lessee, recorded under File No. 224713, Book W-9, Page 91, and as amended by an instrument dated June 25, 1954, executed by J. Willie Lyons and recorded under Entry No. 266838, covering and affecting lands described as follows, to-wit:

A certain tract of land containing 38 acres, more or less, situated in Section 1, Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of D. Cormier; on the East by lands of Allen J. Faul; on the South by lands of Noah Stelly and Elmo Credeur; on the West by lands of Elmo Credeur and Mrs. L. Castile.

A-18. Continental Lease No. 68911, dated September 8, 1949, between Elmo Credeur, Lessor, and W. Brooke Ham-

ilton, Lessee, recorded under File No. 224712, Book W-9, Page 89, and as amended by an instrument dated June 25, 1954, executed by Elmo Credeur and recorded under Entry No. 266842, covering and affecting lands described as follows, to-wit:

A certain tract of land containing 20 acres, more or less, situated in Section Forty Six (46), Township 9 South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the Northwest by lands of Mrs. L. Castile; On the Northeast by lands of W. Lyons; on the Southeast by lands of Noah Stelly and Ovey Arceneaux; on the Southwest by lands of Ovey Arceneaux.

A-19, Continental Lease No. 68912, dated August 30, 1949, between J. Walter Arceneaux, Lessor, and W. Brooke Hamilton, Lessee, recorded under File No. 226593, Book E-10, Page 306, as amended by an instrument dated July 16, 1954, executed by J. Walter Arceneaux and recorded under Entry No. 267173, covering and affecting lands described as follows, insofar but only insofar as said instruments cover 18.86 acres, described as follows, to-wit:

A certain tract of land containing 18.86 acres, more or less, situated in Sections Three (3) and Forty Seven (47), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

**A2647**

On the Northwest by lands of Arnold Kahn et al; on the Northeast by lands of Dumas Cormier; on the Southeast by lands of J. Weston Arceneaux; on the Southwest by lands of Martin Petitjean.

A-20. Continental Lease No. 68913, dated September 1, 1949, between J. Weston Arceneaux, et al, Lessor, and W. Brooke Hamilton, Lessee, recorded under File No. 226591,

**(A2647)**

Book E-10, Page 298, as amended by an instrument dated July 17, 1954, executed by J. Weston Arceneaux, et al, and recorded under Entry No. 267172, covering and affecting lands described as follows, insofar but only insofar as said instruments cover 28.29 acres, to-wit:

A certain tract of land containing 28.29 acres, more or less, situated in Sections Three (3) and Forty Seven (47), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the Northwest by lands of J. Walter Arceneaux; on the Northeast by lands of Dumas Cormier; on the Southeast by lands of Lennie Arceneaux; on the Southwest by lands of Martin Petitjean.

A-21. Continental Lease No. 68914, dated September 1, 1949, between Emile J. Cormier, Lessor, and W. Brooke Hamilton, Lessee, recorded under File No. 224707, Book W-9, Page 79, and as amended by an instrument dated June 24, 1954, executed by Felix J. Castille and recorded under Entry No. 266841 covering and affecting lands described as follows, to-wit:

A certain tract of land containing 30 acres, more or less, situated in Section 46, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the Northeast by lands of Emilie Navarre or assigns; in the Southeast by lands of Mrs. Leonard Castile or assigns; on the Southwest by lands of Ovey Arceneaux; on the Northwest by lands of Ovey Arceneaux, Isaac Melanson, and Mrs. Bertrand Seaux or assigns.

A-22. Continental Lease No. 68921, dated August 29, 1949, between Eugene Dupuis, et al, Lessor, and F. J. Muller, Lessee, recorded under File No. 221531, Book V-9,

Page 25, and as amended by an instrument dated June 30, 1954, executed by Eugene Dupuis et al, and recorded under Entry No. 266837, covering and affecting lands in Acadia Parish, Louisiana, described as follows, to-wit:

48 acres, more or less, located in Section 11, Township 9 South, Range 2 East, bounded North by Waddy Arceneaux and Elton Arceneaux; East by Waddy Arceneaux and Edward Arceneaux; South by Waddy Arceneaux and Alfred Webber, West by Waddy Arceneaux and Leonce Breaux.

A-23. Continental Lease No. 68922, dated February 14, 1952, between Gaston Doucet, Lessor, and F. J. Muller, Lessee, recorded under File No. 250587, Book I-11, Page 271, and as amended by an instrument dated January 14, 1957, executed by Gaston Doucet and by Continental Oil Company, et al, recorded under Entry No. 286505, covering and affecting lands in Acadia Parish, Louisiana, described as follows, to-wit:

5.5 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

**A2648**

On the Northeast by lands of A. Petitjean, John Trahan; Southeast by lands of A. Petitjean; Southwest by lands of A. Petitjean; West by lands of Paved Highway and/or R. R. Right of Way and/or Isaac Cain.

A-24. Continental Lease No. 68923, dated February 14, 1952, between Azema Moss, et vir, Lessor, and F. J. Muller, Lessee, recorded under File No. 250589, Book I-11, Page 276, and as amended by an instrument dated January 17, 1957, executed by Adolph Petitjean and by Continental Oil Company et al, recorded under Entry No. 286503, covering

(A2848)

and affecting lands in the Parish of Acadia, State of Louisiana, described as follows, to-wit:

8 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of L. Hulin and C. Hulin; Southeast by lands of M. and A. Petitjean; Southwest by lands of Adolph Petitjean; Northwest by lands of Adolph and Manuel Petitjean, also Northeast by lands of M. and A. Petitjean;

4.2 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of Felix Falcon; Southeast by lands of John Trahan; Southwest by lands of Adolph Petitjean; Northwest by lands of Isaac Hanks;

2 acres of land, more or less, located in Section 48 and or 40 and or 41, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of Mrs. C. J. Moss and or Bayou Wikoff and or Rayne Land Co.; Southeast by lands of Bayou Wikoff and or Isaac Hanks; Southwest by lands of Leo Moss; Northwest by lands of Bayou Wikoff and or Rayne Land Company.

A-25. Continental Lease No. 68924, dated January 31, 1952, between Alfred Weber, Lessor, and F. J. Muller, Lessee, recorded under File No. 250626, Book I-11, Page 371, covering and affecting lands described as follows, to-wit:

41 acres of land, more or less, located in Section 11, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

(A2649)

On the North by lands of Eug. Dupuis; East by lands of Curtis Johnson; South by lands of Clarence Meche; West by lands of W. Arceneaux.

A-26. Continental Lease No. 68925, dated February 1, 1932, between Waddy Arceneaux, Lessor, and F. J. Muller, Lessee, recorded under File No. 250628, Book I-11, Page 376, insofar but only insofar as said lease covers 67.76 acres, in Acadia Parish, Louisiana, described in two tracts as follows, to-wit:

33.88 acres of land, more or less, located in Section 11, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the North by lands of Gerard Mouton, David Stutes; East by lands of David Stutes, Eug. Dupuis; South by lands of Eug. Dupuis; West by lands of Leonce Breau, Gerard Mouton;

A2649

33.88 acres of land, more or less, located in Section 11, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the North by lands of Eug. Dupuis; East by lands of Eug. Dupuis, Alfred Webber; South by lands of L. Caruther, Mrs. Theophile Petitjean.

A-27. Continental Lease No. 68926, dated February 13, 1952, between Clemence H. Gussman, a widow, Lessor, and F. J. Muller, Lessee, recorded under File No. 250781, Book J-11, Page 36, and as amended by an instrument dated February 12, 1957, by Clemence H. Gussman and by Continental Oil Company, et al, recorded under Entry No. 289149, covering and affecting lands in Acadia Parish, Louisiana described as follows, to-wit:



(A2849)

4 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of Martin Petitjean; Southeast by lands of A. L. Comeaux; Southwest by lands of Mrs. Clement Hulin, Adolph and Manuel Petitjean, Northwest by lands of John Falcon Estate.

A-28. Continental Lease No. 68927, dated February 18, 1952, between Ursin Trahan, Lessor, and F. J. Muller, Lessee, recorded under File No. 250783, Book J-11, Page 41, and as amended by an instrument dated January 14, 1957, by Ursin Trahan and by Continental Oil Company, et al, recorded under Entry No. 286502, covering and affecting lands in Acadia Parish, Louisiana described as follows, to-wit:

8 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of John Falcon Estate; Northwest by lands of Bayou Wikoff and or W. Arceneaux; Southeast by lands of John Trahan; Southwest by lands of John Trahan;

3.8 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of John Trahan; Southeast by lands of John Trahan; Southwest by lands of Felix Falcon; Northwest by lands of Bayou Wikoff and or W. Arceneaux;

16 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

(A2650)

On the Northeast by lands of John Falcon Estate; Southeast by lands of Manuel Petitjean; Southwest by lands of A. Petitjean; Northwest by lands of John Trahan.

A-29. Continental Lease No. 68928, dated February 12, 1952, by and between Marie Petitjean, Lessor, and F. J. Muller, Lessee, recorded under File No. 250789, Book J-11, Page 58, covering and affecting lands described as follows, to-wit:

41 acres of land, more or less, located in Section 48, and or 14, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Northeast by lands of Mrs. C. Hulin; Southeast by lands of Manuel

**A2650**

Petitjean; Southwest by lands of Manuel Petitjean; Northwest by lands of Manuel and Adolph Petitjean.

A-30. Continental Lease No. 68929, dated February 13, 1952, between Rosa Hulin Falcon, et al, Lessor, and F. J. Muller, Lessee, recorded under File No. 250791, Book J-11, Page 63, covering and affecting lands described as follows, to-wit:

53 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Northeast by lands of Martin Petitjean; Southeast by lands of A. C. Gossman; Southwest by lands of Adolph and Manuel Petitjean, Ursin Trahan, John Trahan, Bayou Wikoff and or W. Arceneaux; Northwest by lands of Bayou Wikoff and or W. Arceneaux.

(A2650)

A-31. Continental Lease No. 68930, dated February 18, 1952, between John Trahan, Lessor, and F. J. Muller, Lessee, recorded under File No. 250838, Book J-11, Page 178, and as amended by an instrument dated January 14, 1957, by John Trahan and by Continental Oil Company, et al, recorded under Entry No. 286504, covering and affecting lands described as follows: to-wit:

20.3 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Northeast by lands of Ursin Trahan, John Falcon Estate; Southeast by lands of Ursin Trahan; Southwest by lands of Gaston Doucet, Azema Moss Dogey and Honora Doget, Ursin Trahan; Northwest by lands of Azema Moss Dogey and Honora Doget, Felix Falcon, Ursin Trahan, Bayou Wikoff and or W. Arceneaux.

A-32. Continental Lease No. 68931, dated February 28, 1952, between J. Leeward Richard, et al, Lessor, and F. J. Muller, Lessee, recorded under File No. 251056, Book K-11, Page 130, covering and affecting lands described as follows, to-wit:

4 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Northeast by lands of Martin Petitjean; Southeast by lands of Lenis J. Hulin; Southwest by lands of Adolph Petitjean; Northwest by lands of A. L. Comeaux;

A-33. Continental Lease No. 68932, dated February 13, 1952, between Cecile Gary Hulin, et al, Lessor, and F. J. Muller, Lessee, recorded under File No. 251058, Book K-11,

(A2651)

Page 135, covering and affecting lands in Acadia Parish, Louisiana, described as follows, to-wit:

49.31 acres of land, more or less, located in Section 48, and or 11, and or 14, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of John Bearb; on the Southeast by lands of Gerard Mouton and Manuel Petitjean; Southwest by lands of Marie Petitjean, Manuel and Adolph Petitjean and or Mrs. Azema Moss Dogey; Northwest by lands of Clerphe Hulin.

**A2651**

8 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of Mrs. A. C. Gussman, A. L. Comeaux; Southeast by lands of Adolph Petitjean; Southwest by lands of Adolph Petitjean; Northwest by lands of Adolph and Manuel Petitjean; LESS AND EXCEPT a certain tract of land containing 32.48 acres, more or less, located in Sections 4 and 48, Township 9 South, Range 2 East bounded now or formerly as follows: On the Northeast by land of John Bearb; North by the South line of W. Petitjean No. 1 Unit (Klumpp "D" Sand) created October 1, 1957 by Order No. 307-D, recorded October 21, 1957 in Conveyance Book X-16, Folio 28 under Entry No. 291031 of the Records of Acadia Parish; on the Southwest by land of Adolph Petitjean et al and Marie Petitjean; on the Southwest by Gerard Mouton and Adolph Petitjean et al, said 32.48 acres having been released by instrument dated September 5, 1958, filed for record September 18, 1958 under Entry No. 298341 of the Conveyance Records of Acadia Parish, Louisiana, executed by Continental Oil Company, et al

(A2651)

A-34. Continental Lease No. 68933, dated February 29, 1952, between Lenex J. Hulin, Lessor, and F. J. Muller, Lessee, recorded under File No. 251054, Book K-11, Page 125, covering and affecting lands described as follows, to-wit:

4 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Northeast by lands of Martin Petitjean; Southeast by lands of Clerphe Hulin; Southwest by lands of Mrs. Azema Moss Dogey and or Adolph and Manuel Petitjean; Northwest by lands of A. L. Richard or assigns;

A-35. Continental Lease No. 68934, dated March 10, 1952, between Alcee Gautreaux, Lessor, and F. J. Muller, Lessee, recorded under File No. 251060, Book K-11, Page 141, and as amended by an instrument dated February 16, 1957, by Alcee Gautreaux and by Continental Oil Company, et al, recorded under Entry No. 289148, covering and affecting lands described as follows, to-wit:

4.5 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Northeast by lands of Manuel and Adolph Petitjean; Southeast by lands of Gaston Doucet; Southwest by lands of A. Petitjean; Northwest by lands of Bayou Wikoff and or Rayne Land Co.

A-36. Continental Lease No. 68935, dated February 13, 1952, between Lillie H. Comeaux, Lessor, and F. J. Muller, Lessee, recorded under File No. 251143, Book K-11, Page 315, and as amended by an instrument dated January 14, 1957, by Lillie H. Comeaux, and by Continental Oil Com-

(A2652)

pany, et al, recorded under Entry No. 286506, covering and affecting lands described as follows, to-wit:

4 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Northeast by lands of Martin Petitjean;  
Southeast by lands of A. L.

**A2652**

Richard; Southwest by lands of Mrs. C. Hulin, Adolph Petitjean; Northwest by lands of A. C. Gussman.

A-37. Continental Lease No. 68936, dated February 13, 1952, by and between Clerphe Hulin, Lessor, and F. J. Muller, Lessee, recorded under File No. 251145, Book K-11, Page 320, covering and affecting lands described as follows, to-wit:

4 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Northeast by lands of John Bearb; Southeast by lands of Mrs. Clement Hulin; Southwest by lands of Mrs. Azemar Moss Dogey; Northwest by lands of Lenis Hulin.

A-38. Continental Lease No. 68937, dated November 3, 1952, between J. Weston Arceneaux, Lessor, and Henry T. Duson, Lessee, recorded under File No. 255403, Book Y-11, Page 287, covering and affecting lands described as follows, to-wit:

Five and 17/100 (5.17) acres in Section Forty-Seven (47), Township 9 South, Range Two (2) East, Acadia Parish, Louisiana, bounded now or formerly as follows:



(A2652)

On the Northwest and Northeast by Bayou Wikoff; on the Southeast by Bayou Wikoff and Land of Agnes Janice Romero; and on the Southwest by lands of J. Tenas Arceneaux.

A-39. Continental Lease No. 68938, dated November 3, 1952, between J. Walter Arceneaux, Lessor, and Henry T. Duson, Lessee, recorded under File No. 255401, Book Y-11, Page 281, covering and affecting lands described as follows, to-wit:

10.34 acres, more or less, in Section 47, Township 9 South, Range 2 East, Louisiana Meridian, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Southwest by land of J. Warren Arceneaux; on the Northwest by land of Agnes Janice Romero; on the Southeast by land of Arnold Kahn, et al; and on the Northeast by Bayou Wikoff and J. S. Arceneaux.

A-40. Continental Lease No. 68939, dated November 3, 1952, between J. Tenas Arceneaux, Lessor, and Henry T. Duson, Lessee, recorded under File No. 255402, Book Y-11, Page 284, covering and affecting lands described as follows, to-wit:

5.17 acres in Section 47, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Northwest by Bayou Wikoff; on the Northeast by land of J. Weston Arceneaux; on the Southeast by land of Agnes Janice Romero; and on the Southwest by land of J. Warren Arceneaux.

A-41. Continental Lease No. 68940, dated December 6, 1952, between Arnold Kahn, et al, Lessor, and Henry T. Duson, Lessee, recorded under File No. 255968, Book A-12, Page 296, covering and affecting lands described as follows, to-wit:

**(A2653)**

All of Lessors' right, title and interest, warranted to be at least one-half ( $\frac{1}{2}$ ) in and to the following described land in Acadia Parish, Louisiana:

**A2653**

(1st) Ten and  $\frac{34}{100}$  (10.34) acres, more or less, situated in Section Forty-Seven (47), Township Nine (9) South, Range Two (2) East, Louisiana Meridian, bounded now or formerly as follows:

On the North by land of J. Walter Arceneaux; on the East by land of J. S. Arceneaux; on the South by land of J. Warren Arceneaux; and on the West by land of J. Warren Arceneaux;

(2nd) Eighteen and  $\frac{86}{100}$  (18.86) acres, more or less, situated in Section Three (3) and Forty-seven (47), Township Nine (9) South, Range Two (2) East, Louisiana Meridian, bounded now or formerly as follows:

On the North by land of J. Warren Arceneaux; and on the East by land of Dumas Cormier; on the South by land of J. Walter Arceneaux, and on the West by land of W. Petitjean and Co.

A-42. Continental Lease No. 68941, dated February 18, 1953, between Agnes Janice Romero, Lessor, and Henry T. Duson, Lessee, recorded under File No. 257326, Book F-12, Page 306, covering and affecting lands described as follows, to-wit:

Five and  $\frac{17}{100}$  (5.17) acres, more or less, in the Northeast part of Section 47, Township 9 South, Range 2 East, Louisiana Meridian, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the North by land of J. Tenas Arceneaux and J. Weston Arceneaux; on the East by Bayou Wikoff;

**(A2653)**

on the South by land of J. Walter Arceneaux; and on the West by land of J. Warren Arceneaux and/or Bayou Wikoff.

A-43. Continental Lease No. 68958, dated March 25, 1953, between Freddie Arceneaux, Lessor, and F. J. Muller, Lessee, covering a  $\frac{1}{4}$  interest, recorded under File No. 258251, Book I-12, Page 308, and

Lease dated March 25, 1953, between Warren J. Arceneaux, Lessor, and Freddie Arceneaux, Lessee, recorded under File No. 258248, Book I-12, Page 303, covering and affecting lands described as follows to-wit:

32 acres of land, more or less, located in Section 3, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the Northeast by lands of Claude Cahanan, Pierre Numa Cormier; Southeast by lands of J. Warren Arceneaux; Southwest by lands of J. S. Arceneaux; Northwest by lands of Claude Cahanan.

A-44. Continental Lease No. 68959, dated February 12, 1952, between Adolph Petitjean, et al, Lessor, and F. J. Muller, Lessee, recorded under File No. 250787, Book J-11, Page 51, and as amended by an instrument dated February 15, 1957, by Adolph Petitjean, et al, and by Continental Oil Company, et al, recorded under Entry No. 289793, covering and affecting lands described as follows, insofar but only insofar as said lease covers 317.18 acres of land in Acadia Parish, Louisiana, to-wit:

(1) 21 acres of land, more or less, located in Section 20, Township 9 South, Range 2 East, bounded now or formerly as follows:

**A2654**

On the Northeast by lands of Leon Mire, Bayou Wikoff and or Rayne Land Co.; East by lands of Rail-

road Right-of-Way and or Black Top Highway and or Adolph Petitjean; Southwest by lands of Frank Falcon, Leonard Falcon, et al; West and Northwest by lands of Bayou Wikoff and or Rayne Land Co.;

(2) 4 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of Isaac Cain; East by lands of Railroad Right-of-Way and or Blacktop Highway and or Adolph Petitjean; Southwest by lands of Emile Petitjean; West and Northwest by lands of Bayou Wikoff and or Rayne Land Co.;

(3) 2.4 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of Maud Lavergne; East by lands of Railroad Right-of-Way and or Blacktop Highway and or Adolph Petitjean; Southwest by lands of Isaac Cain, Simeon Broussard, et al; Northwest by lands of Bayou Wikoff and or Rayne Land Co.;

(4) 1.2 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of Mrs. Felix Trahan; East by lands of Bayou Wikoff and or Railroad Right-of-Way and or Blacktop and or Waddy Arceneaux; Southwest by lands of C. J. Moss; Northwest by lands of Bayou Wikoff and or Rayne Land Company;

(5) 2 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

**(A2654)**

On the Northeast by lands of Felix Falcon; Southeast by lands of Felix Falcon; Southwest by lands of Isaac Hanks; Northwest by lands of Bayou Wikoff and or Waddy Arceneaux;

(6) 3.5 acres of land, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of Isaac Hanks, Azema Moss Doget & Honore; Southeast by lands of John Trahan; Southwest by lands of Gaston Doucet; West by lands of Blacktop Highway and or Railroad Right-of-Way and or Manuel and Adolph Petitjean and Maud Lavergne.

(7) 19.5 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of Jean Falcon, Rosa Hulin Falcon, Clemence H. Gossman; Southeast by lands of Mrs. Clement Hulin; Southwest by lands of Adolph Petitjean; Northwest by lands of Ursin Trahan;

(8) 16 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of Lilly H. Comeaux, Lee-wood and Rodney Rich-

**A2655**

ard, Leñas Hulin; Southeast by lands of Mrs. Asemar Moss Dogey; Southwest by lands of Adolph Petitjean; Northwest by lands of Mrs. Clement Hulin;

(9) 61.08 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of Denat Hulin, Mrs. C. Hulin; Southeast by lands of Marie Petitjean Faulk; Southwest by lands of Manuel Petitjean; Adolph Petitjean, Mrs. Asemar Moss Dogey, Northwest by lands of Mrs. Asemar Moss Dogey;

(10) 99.3 acres of land, more or less, located in Section 48 and 20, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of Gaston Doucet, Ursin Trehan, Manuel and Adolph Petitjean, Mrs. Clement Hulin, Mrs. Asemar Moss Dogey; Southeast by lands of Manuel Petitjean; Southwest by lands of Leonard Joseph and Clodomie Falcon, Frank Falcon; West by lands of Blacktop Highway and or Railroad Right-of-way and or Adolph Petitjean, Leon Mire, Emile Petitjean.

(11) 87.20 acres of land, more or less, located in Sections 48, 20 and or 14, Township 9 South, Range 2 East, bounded now or formerly as follows:

On the Northeast by lands of Manuel and Adolph Petitjean, Marie Petitjean Faulk; Southeast by lands of Manuel Petitjean, Southwest by lands of Leonard Falcon, Leonard Joseph and Clodomie Falcon; Northwest by lands of Adolph Petitjean.

A-45. Continental Lease No. 68960, dated February 13, 1952, between Leonce Breaux, Lessor, and F. J. Muller, Lessee, recorded under File No. 250785, Book J-11, Page 46, covering and affecting lands described as follows, insofar but only insofar as said lease covers 25.6 acres described as follows, to-wit:



**(A2655)**

25.6 acres of land, more or less, located in Section 11, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

On the North by lands of Martin Petitjean, Gerard Mouton; East by lands of Eugene Dupuis, W. Arce-neaux; South by lands of John Bearb, Gerard Mouton; West by lands of Gerard Mouton, Martin Petitjean.

A-46. Continental Lease No. 73260, dated January 2, 1954, between Stamm-Raymond, Inc., as Lessor, and Sun Oil Company, as lessee, recorded in Book D-13, Page 248, under Entry No. 263978, insofar but only insofar as said lease covers the following described land, to-wit:

A certain tract of land situated in Section 1, Township 9 South, Range 2 East, Louisiana Meridian, Acadia Parish, Louisiana, containing 40 acres, more or less, and bounded as follows:

North by lands of Armogene Meche; South by Noah Stelly; East by Andre Menard; West by Dupreville Cormier and J. Willie Lyons.

A-47. Continental Lease No. 74275, dated November 19, 1954, between Rosa Breaux Brôussard, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 270021, Book Y-13, Page 437, covering and affecting lands described as follows, to-wit:

**A2656**

That certain tract of land situated in the Western portion of irregular Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, containing  $1\frac{1}{2}$  acres, more or less, and bounded now or formerly on the North by Adolph and Manuel Petitjean, South by Alcee Gautreaux, East by Railroad and or blacktop highway, and West by Bayou Wikoff.

A-48. Continental Lease No. 74276, dated November 26, 1954, between Albert Mire, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 270023, Book Y-13, Page 445, covering and affecting lands described as follows, to-wit:

That certain tract of land situated in Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, containing 2.40 acres, more or less, bounded now or formerly on the North by Emile Petitjean, South by Adolph Petitjean, East by Adolph Petitjean or blacktop highway, and West by Bayou Wikoff.

A-49. Continental Lease No. 74277, dated November 26, 1954, between John Domingue, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 270022, Book Y-13, Page 441, covering and affecting lands described as follows, to-wit:

That certain tract of land located in the extreme Northwestern part of irregular Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, containing 1.20 acres, more or less, bounded now or formerly as follows: North, South and East by Bayou Wikoff; and West by Adolph and Manuel Petitjean.

A-50. Continental Lease No. 74299, dated December 22, 1953, between Mearl Louis Arceneaux, as Lessor, and James C. Arceneaux, Jr., as Lessee, recorded in Book M-13, Page 458, under Entry No. 266328, and

Lease dated December 22, 1953, by and between Alberta Arceneaux Miller, et al, as Lessor, and James C. Arceneaux, as Lessee, recorded in Book M-13, Page 461, under Entry No. 266329, as ratified December 23, 1954, by Mearl Louis Arceneaux, et al, recorded under Original Act No. 270307, Book ....., Page ....., covering the following described land, to-wit:

**(A2656).**

A certain tract of land situated in Sections 3 and 47, Township 9 South, Range 2 East, Louisiana Meridian, Acadia Parish, Louisiana, containing 18.86 acres, bounded Northwest by J. Walter Arceneaux, Northeast by Dumas Cormier, Southeast by J. Weston Arceneaux, and Southwest by W. Petitjean and Company.

A-51. Continental Lease No. 76637, dated February 17, 1955, between the State of Louisiana, as Lessor and Continental Oil Company, as Lessee, recorded in Book T-14, Page 465, under Entry No. 275780, covering the following described land, to-wit:

Tract 5962.—Acadia Parish, Louisiana—All of the lands now or formerly constituting the beds and bottoms of all lakes, bays, coves, bayous, rivers and any other water bottoms of every nature and description, and all islands and other lands formed by accretion or reliction, except tax lands, owned by the State of Louisiana and not under lease as of the date of this application; namely, December—27, 1954, situated in Acadia Parish, Louisiana, within the following described boundaries, to-wit:

Begin at the Southernmost corner of Section 48, Township 9 South, Range 2 East; go thence Northwesterly along the West line of said Section 48 a distance of 5,500.00 feet to point of beginning; thence go Northeasterly at right angles 11,660.00 feet to

**A2657**

intersection with the East line of Section 46, Township 9 South, Range 2 East; thence Northwesterly along said East line of Section 46 a distance of 2,330.00 feet to intersection of East line of said Section 46 with the South line of Township 8 South, Range 2 East, thence Westerly along said South line of Township 8

South, Range 2 East, a distance of 4,050.00 feet; thence go Southwesterly on a line parallel to the Southeast boundary of the tract herein described a distance of 10,100.00 feet to the intersection of said line with the West line of Section 39, Township 9 South, Range 2 East; thence Southeasterly along the West line of Section 39 and the Southeasterly extension of said West line of Section 39, a distance of 4,970.00 feet; thence Northeasterly a distance of 1,700.00 feet to a point of beginning, including a particular but not limited to beds and bottoms of Bayou Wikoff, the State owned property lying within said boundaries being estimated to contain approximately 45.0 acres, all more fully shown outlined in red on a plat on file in the State Land Office, less and except the most southern part of Bayou Wikoff that contains 5.30 acres, more or less, bounded northeast by a line which is a northwest projection of the southwest line of Adolph Petitjean et al 26.25 acre tract located in the northeast part of Section 20, T-9-S, R-2-E.

A-52. Continental Lease No. 76642, dated March 3, 1955, between Camille Comeaux, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 271690, Book F-14, Page 173, covering and affecting lands described as follows, to-wit:

Tract 1—97/100 acres bounded now or formerly on the North by Adolph Petitjean, et al, and/or the Heirs of Joseph J. Trahan, on the East by Adolph Petitjean and Gaston Doucet, on the South by the Heirs of Theophile Petitjean and/or Alcee Gautreaux, on the West by Alcee Gautreaux and Sidney Broussard et al. Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana.

Tract 2—17/100 acres bounded now or formerly on the North by Leo Moss and/or Azema Moss Dogey,

**(A2657)**

on the East by Isaac Hanks and/or Adolph Petitjean, on the South by the Heirs of Joseph J. Trahan or assigns and/or Adolph Petitjean, and on the West by Lene Lavergne et al. Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana.

A-53. Continental Lease No. 76646, dated December 15, 1954, between Nancy Mouton Davis, as Lessor, and Continental Oil Company, as Lessee, recorded in Book G-14, Page 233, under Entry No. 271991, and

Lease dated December 15, 1954, between Lucille Mouton Meche, et al, as Lessor, and Continental Oil Company, as Lessee, recorded in Book F-14, Page 539, under Entry No. 271798, and

Lease dated December 15, 1954, between L. C. Breaux, as lessor, and Continental Oil Company, as Lessee, recorded in Book H-14, Page 539, under Entry No. 272408, covering the following described land, to-wit:

That certain tract of land containing 5 acres, more or less, situated in Section 47, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows: On the Northwest and Southwest by Bayou Wikoff; on the Northeast by lands of J. Tenas Arceneaux, Agnes Janice, J. Walter Arce-neau and Arnold Kahn, et al; on the Southeast by lands of J. Warren Arceneaux.

A-54. Continental Lease No. 76691, dated October 15, 1953, between Leo Moss, as Lessor, and F. J. Muller, as Lessee, recorded under Entry No. 262099, Book W-12, Page

**A2658**

149, covering and affecting lands insofar, but only insofar as said lease covers 3.6 acres of land, in Acadia Parish, Louisiana, described as follows, to-wit:

3.6 acres, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows: on the Northeast by lands of Jean Falcon; East by lands of Railroad Right of Way and/or Blacktop Highway; Southwest by lands of Maude Lavergne; Northwest by lands of Rayne Land Co.

A-55. (a) Continental Lease No. 76708, dated March 25, 1955, between Felix Alleman, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 272797, Book J-14, Page 270, covering the following described lands, in Acadia Parish, Louisiana, to-wit:

A certain tract of land containing 1.5 acres, more or less, situated in the Northwest portion of Section 47, Township 9 South, Range 2 East, and being bounded now or formerly as follows: North by Bayou Wikoff; South by W. Petitjean and Company; East and West by Claby Dugas.

(b) Lease dated May 7, 1956, between Freedia Threase Seaux Romero, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 281357; and

Lease dated May 28, 1957, between Leroy Alleman, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 288796, Book P-16, Page 114; and

Lease dated June 2, 1958, but effective May 1, 1955, between Felecia Alleman Douga, as Lessor, and Robert H. Thompkins, as Lessee, recorded under Entry No. 295776, covering the following described lands, in Acadia Parish, Louisiana, to-wit:

Being a tract of land containing .86 acre, situated in Section 47, Township 9 South, Range 2 East, being bounded by lands owned now or formerly as follows: Northeast by Claby Dugas, Southeast by W. Petitjean



**(A2658)**

and Company, Southwest by Claby Dugas, Northwest by Bayou Wikoff.

(c) Lease dated January 8, 1954, between Ovey Alleman, as Lessor, and John J. Doyle, as Lessee, recorded under Entry No. 264958, Book H-13, Page 343, insofar but only insofar as said lease covers the following described land, in Acadia Parish, Louisiana to-wit:

1.5 acres, more or less, in the Northwestern portion of Section 47, Township 9 South, Range 2 East, and bounded North and West by Bayou Wikoff; South and West and North and East by Claby Dugas; and South by W. Petitjean & Company or assigns.

A-56. Continental Lease No. 76855, dated May 11, 1955, between Mrs. Venola Mire Gaudet, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 273709, Book M-14, Page 273, and,

Lease dated July 18, 1955, between Maurice Mire, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 274675, Book T-14, Page 567, covering and affecting lands insofar, but only insofar as said leases cover 1.5 acres of land described as follows, in Acadia Parish, Louisiana, to-wit:

**A2659**

That certain tract of land situated in the western portion of irregular Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, containing 1½ acres, more or less, and bounded now or formerly on the North by Adolph and Manuel Petitjean, South by Alcee Gautreaux, East by railroad and or black top highway, and West by Bayou Wikoff.

A-57. Continental Lease No. 80021, dated May 1, 1955, between John Hilda Young Craven, et al, as Lessor, and

Continental Oil Company, as Lessee, recorded under Entry No. 283747, Book W-15, Page 12; and

Lease dated May 1, 1955, between Edward Arceneaux, et al, as Lessor, and Continental Oil Company, as lessee, recorded under Entry No. 281943, Book Q-15, Page 116; and

Lease dated May 1, 1955, between Walker D. Lyons, Jr., et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 281950, Book Q-15, Page 145; and

Lease dated May 1, 1955, between Jimmie Agnes Eastham Montagne, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 281945, Book Q-15, Page 128; and

Lease dated May 1, 1955, between M. Walter Andrus, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 281948, Book Q-15, Page 137; and

Lease dated May 1, 1955, between Madaline Melchior Andrus, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 281946, Book Q-15, Page 131; and

Lease dated May 1, 1955, between Ellen Arceneaux Rumore, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 281949, Book Q-15, Page 140; and

Lease dated May 1, 1955, between James C. Arceneaux, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 281947, Book Q-15, Page 134; and

Lease dated May 1, 1955, between Lillie Eastham Gish, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 281944, Book Q-15, Page 125, said leases covering and affecting the following described lands, to-wit:

Lots Six (6) through Twelve (12), inclusive, of the Woodland Tract Partitioned between the heirs of

**(A2659)**

Homer Arceneaux and his wife, Mathilde Castille, by instrument dated June 26, 1934, recorded in Acadia Parish, Louisiana, in Conveyance Book E-5, Page 86, said tract containing 36 acres, more or less, and being bounded, now or formerly as follows: North by Bayou Wikoff; East by Bayou Wikoff and tract of the Estate of J. S. Arceneaux, Sr., Inc.; South by Lot 5 of the partition of said woodland or tract of J. Warren Arceneaux; and West by tract of J. Warren Arceneaux in Acadia Parish, Louisiana.

A-58. Continental Lease No. 80023, dated January 14, 1956, between Delino Hanks, as Lessor, and Continental Oil Company, as Lessee, recorded in Book D-15, Page 1, under Entry No. 278547, covering and affecting the following described land, to-wit:

That certain tract of land, together with all improvements thereon, containing 0.65 acres, more or less, situated in Sections 1 and 45, Township 9 South, Range 2 East, Acadia Parish, Louisiana, and particularly described as being enclosed within the

**A2660**

following exterior boundary lines: Beginning at a point located North 0 degrees 02 minutes East 1619.9 feet from the southeast corner of a 40.93 acre tract owned by the heirs of Dupreville Cormier, located in Section 1, Township 9 South, Range 2 East, thence running south 80 degrees 20 minutes west a distance of 298.9 feet to a point, thence north 46 degrees 58 minutes East a distance of 253.4 feet, thence north 81 degrees 01 minutes East a distance of 111.4 feet to a point in the section line separating said Sections 1 and 45, thence South 0 degrees 02 minutes west a distance of 140.6 feet to the point of beginning.

A-59. Continental Lease No. 80037, dated March 13, 1956, between Leah Broussard Murphy, as Lessor, and Louis E. Bernard, as Lessee, recorded under Entry No. 280318, Book J-15, Page 425, covering and affecting lands insofar, but only insofar as said lease covers  $1\frac{1}{2}$  acres of land in Acadia Parish, Louisiana, described as follows, to-wit:

That certain tract of land situated in the western portion of irregular Section 48, Township 9 South, Range 2 East, containing  $1\frac{1}{2}$  acres, more or less, and bounded, now or formerly as follows: North by Adolph and Manuel Petitjean; East by railroad and/or black top highway; South by Alcee Gautreaux; and West by Bayou Wikoff.

A-60. Continental Lease No. 83269, dated October 1, 1956, between Adolph Petitjean, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 287204, Book I-16, Page 564, covering and affecting the following described lands; to-wit:

That certain tract of land containing 0.91 acre situated in the extreme Northwest portion of Section 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, and bounded now or formerly as follows, to-wit: North by Bayou Wikoff, Simeon Broussard, and/or Rayne Land Co., East by Simeon Broussard; South by Bayou Wikoff and/or Rayne Land Co., West by Bayou Wikoff and/or Rayne Land Co.

A-61. Continental Lease No. 83278, dated March 14, 1957, between Police Jury of Acadia Parish, Louisiana, as Lessor, and Robert E. Adams, as Lessee, recorded under Entry No. 287832, Book X-2, Page 173, covering and affecting the following described lands to-wit:

That certain strip of land situated in the Parish of Acadia, State of Louisiana, containing  $\frac{3}{4}$  of an acre,

**(A2660)**

more or less, bounded, now or formerly; North by Public road, South by A. Gaspard; East by D. Gaspard; and West by Public Road in Section One (1), Township 9 South, Range 2 East, and being the same property acquired by the Parish of Acadia by deed dated September 23, 1913, recorded in Conveyance Book X-2 at Page 173, Entry No. 38537 of the records of Acadia Parish, Louisiana.

A-62. Continental Lease No. 83288, dated December 9, 1953, between Mary Guidry Navarre, et al, as Lessor, and Charles R. Houssiere, Jr., as Lessee, recorded under Entry No. 262918, Book Z-12, Page 183, as amended by Act of Correction dated December 9, 1953, recorded under Entry No. 273738, Book M-14, Page 333, insofar and only insofar as said lease relates to and affects the Homeseekers "E" Sand, and insofar and only insofar as said lease covers and affects the following described lands, in Acadia Parish, Louisiana, to-wit:

That certain tract of land consisting of .27 acres described in the above oil, gas and mineral lease, which is included and embraced within the confines of Home-

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seekers "E" Sand Unit No. 2, Rayne Field, as established by Order 307-A of the Commissioner of Conservation, effective March 1, 1956, recorded as Original No. 279582, Conveyance records, Acadia Parish, Louisiana, the above land being shown on a plat attached to an assignment dated March 1, 1956 executed by General Gas Corporation et al.

A-63. Continental Lease No. 83336, datde February 13, 1958, between Deynoodt Hulin, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No.

295378, Book M-17, Page 84, covering and affecting the following described land, to-wit:

A certain tract of land containing 32.48 acres, more or less, located in Sections 4 and 48, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows: on the Northeast by lands of John Bearb, North by the South line of the W. Petitjean No. 1 Unit (Klump "D" Sand), created October 1, 1957, by Order No. 307-D, recorded October 21, 1957, in Conveyance Book X-16, Folio 28, under Entry No. 291031, of the records of Acadia Parish, on the Southwest by lands of Adolph Petitjean et al, and Marie Petitjean; on the Southeast by Gerard Mouton and Adolph Petitjean et al.

A-64. Continental Lease No. 88701, dated June 3, 1958, but effective February 12, 1959, between Adolph Petitjean et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 295775, Book N-17, Page 482, insofar, but only insofar as said lease covers 334.07 acres in Acadia Parish, Louisiana described as follows, to-wit:

Tr. 1—26.25 acres of land, more or less, (formerly called 21 acres) located in Section 20, T-9-S, R-2-E, bounded now or formerly as follows: On the Northeast by lands of Leon Mire, Bayou Wikoff and/or Rayne Land Co.; East by Railroad R.O.W. and/or Blacktop Highway and/or Adolph Petitjean; Southwest by lands of Frank Falcon, Leonard Falcon, et al; West and Northwest by Bayou Wikoff and/or Rayne Land Co.

Tr. 2—4.31 acres of land, more or less (part of a 5.06 acre tract formerly called 4 acres) located in Section 48, T-9-S, R-2-E, bounded now or formerly as follows: On the North by the South line of Nedosaria Unit No. 1 created by Conservation Department Order No. 307-B effective October 1, 1956 recorded in Acadia



(A2661)

Parish as Original Act No. 284288; Northeast by Alcee Gautreaux; East by Railroad R.O.W. and/or Blacktop Highway and/or Adolph Petitjean; Southwest by lands of Ashton Petitjean, et al; West and Northwest by lands of Bayou Wikoff and/or Rayne Land Co.

Tr. 3—2.67 acres of land more or less, (part of 3.72 acre tract formerly called 3.5 acres) located in Section 48, T-9-S, R-2-E, bounded now or formerly as follows: On the Northeast by lands of Azema Moss et ux; Southeast by lands of John Trahan; Southwest by lands of Gaston Doucet; North by the South line of Nodosaria Unit No. 1 as created by Conservation Department Order No. 307-B effective October 1, 1956 recorded in Acadia Parish as Original Act, No. 284288.

Tr. 4—15.72 acres, more or less (part of a 22.38 acre tract formerly called 19.5 acres) located in Section 48, T-9-S, R-2-E, bounded now or formerly as follows: On the Northeast and East by W. Petitjean & Co. No. 1 Unit as created by Conservation

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Department Order No. 307-D for the Klumpp "D" Sand effective October 1, 1957 recorded in Acadia Parish as Original Act No. 291031; Southeast by Cecil Gary Hulin, et al; Southwest by lands of Adolph Petitjean; Northwest by lands of Ursin Trahan.

Tr. 5—11.46 acres, more or less, (part of a 17.35 acre tract, formerly called 16 acres) located in Section 48, T-9-S, R-2-E, bounded now or formerly as follows: On the Northeast by W. Petitjean & Co. No. 1 Unit created by Conservation Department Order No. 307-D for the Klumpp "D" Sand effective October 1, 1957 recorded in Acadia Parish as Original Act No. 291031; Southeast by lands of Mrs. Azema Moss et ux; South-

west by lands of Adolph Petitjean, et al; Northwest by lands of Cecil Gary Hulin, et al.

Tr. 6—59.63 acres, more or less, (part of a 62.52 acre tract formerly called 61.08 acres) located in Section 48, T-9-S, R-2-E, bounded now or formerly as follows: On the Northeast by lands of Deynoodt Hulin, et al, Mrs. C. Hulin, and W. Petitjean & Co. No. 1 Unit created by Conservation Department Order No. 307-D for the Klumpp "D" Sand effective October 1, 1957 recorded in Acadia Parish as Original Act No. 291031; Southeast by lands of Marie Petitjean; Southwest by lands of Manuel Petitjean, Adolph Petitjean, Azema Moss, et ux, Northwest by lands of Azema Moss, et ux.

Tr. 7—214.03 acres, more or less, (formerly called tracts of 99.3 acres and 87.2 acres) located in Sections 48, 20, or 14, T-9-S, R-2-E, bounded now or formerly as follows: Northeast by lands of Gaston Doucet, Ursin Trahan, Manuel and Adolph Petitjean, Cecil Gary Hulin, et al, Mrs. Azema Moss, et ux, Marie Petitjean; Southeast by lands of Manuel Petitjean, et al; Southwest by lands of Leonard Falcon, Leonard Joseph E. Clodomie Falcon, Frank Falcon; West by Blacktop Highway and/or Railroad R.O.W. and/or Adolph Petitjean, Leon Mire, Ashton Petitjean, et al.

A-65. Continental Lease No. 88705, dated June 6, 1958, effective February 14, 1959, between Gaston Doucet, as Lessor, and Continental Oil Company, as Lessee, Recorded under Entry No. 296009, Book. O-17, Page 280, covering the following described land, in Acadia Parish, Louisiana, to-wit:

5.51 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows: on the North by the south

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line of Nodosaria Unit No. 1 as created by conservation department order No. 307-B effective October 1, 1956, recorded under original Act No. 284288; north-east by lands of Adolph Petitjean, John Trahan; southeast by lands of Adolph Petitjean; southwest by lands of Adolph Petitjean; west by lands of paved highway and/or R.R. right of way and/or C. Comeaux.

A-66. Continental Lease No. 88706, dated June 6, 1958, but effective March 10, 1959, between Alcee Gautreaux, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 296010, Book O-17, Page 284, covering the following described land, in Acadia Parish, Louisiana, to-wit:

.71 acres of land more or less located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows: On the north by the south line of Nodosaria Unit No. 1 as created by Conservation Department Order No. 307-B effective October

**A2663**

1, 1956, recorded as original act No. 284288; Southwest by lands of Adolph Petitjean; East by R. R. Right of Way and/or C. Comeaux and/or Mrs. T. Petitjean.

A-67. Continental Lease No. 88707, dated June 10, 1958, but effective February 18, 1959, between John Trahan, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 296007, Book O-17, Page 272, as amended by Act of Correction dated July 21, 1958, recorded under Entry No. 297168, Book S-17, Page 583, covering the following described lands, in Acadia Parish, Louisiana, to-wit:

5.56 acres of land, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows: Northeast by the South line

of Nodosaria No. 1 as created by Conservation Department Order No. 307-B effective October 1, 1956, recorded as Original Act No. 284288; Northwest by Felix Falcon and Adolph Petitjean; Southwest by Gaston Doucet; Southeast by Ursin Trahan.

A-68. Continental Lease No. 88708, dated June 9, 1958, but effective February 18, 1959, between Ursin Trahan, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 296008, Book O-17, Page 276, covering the following described lands in Acadia Parish, Louisiana, to-wit:

13.78 acres of land more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows: On the Northeast by the South line of Nodosaria Unit No. 1 as created by Conservation Department Order No. 307-B, effective October 1, 1956, recorded as Original Act No. 284288; on the Northwest by lands of John Trahan; on the Southwest by lands of Adolph Petitjean; on the Southeast by lands of No. 1 Unit as created by Conservation Department Order No. 307-D for the Klumpp "D" Sand, effective October 1, 1957 recorded as Original Act No: 291031.

A-69. Continental Lease No. 88709, dated June 17, 1958, but effective February 14, 1959, between Adolph Petitjean, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 296059, Book O-17, Page 393, covering the following described lands in Acadia Parish, Louisiana, to-wit:

2.74 acres, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows: North by the South line of Nodosaria Unit No. 1 as create dbx Conservation Department Order 307-B effective October 1, 1956, recorded as Original

**(A2663)**

Act No. 284288; Northeast by lands of Felix Falcon, Southeast by lands of John Trahan and Southwest by Adolph Petitjean.

8.41 acres, more or less, located in Section 48, Township 9 South, Range 2 East, bounded now or formerly as follows: Northeast by W. Petitjean & Co. No. 1 Unit as created by Conservation Department Order No. 307-D for the Klumpp "D" Sand effective October 1, 1957, recorded as Original Act No. 291031; on Southeast by lands of Adolph Petitjean; on the Southwest by lands of Adolph Petitjean and on the Northwest by lands of Adolph Petitjean.

Leases with ownership:

Continental Oil Company 100%.

B-1. Continental Lease No. 68812, dated May 1, 1953, between Edward Arceneaux, as Lessor, and Verne Hawkins, as Lessee, recorded in Book S-12, Page 147, under Entry

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No. 261008, covering the following described land, in Acadia Parish, Louisiana, to-wit:

Tract 1: A certain tract of land situated in the W/2 of Section 12, T-9-S, R-2-E, bounded by lands owned now or formerly as follows, to-wit: North by Henry Arceneaux and Telesphore Gaspard; East by Sidney Broussard; South by Sidney Broussard and Curtis Johnson; West by Eugene Dupuis, Alton Arceneaux and Henry Arceneaux. Said tract of land containing 40.48 acres, more or less.

Tract 2: A certain tract of land situated in the W/2 of Section 12, T-9-S, R-2-E, bounded by lands owned now or formerly as follows, to-wit: North by

Telesmare Blanchard and Joel W. Goldsby, et al, East by Joel W. Goldsby, et al, South and West by Sidney Broussard. Said tract containing 57.32 acres, more or less.

B-2. Continental Lease No. 68813, dated February 25, 1958, but effective May 1, 1958, between Lawrence Revette, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 293529, Book ....., Page ....., insofar, but only insofar as said lease covers the following described land in Acadia Parish, Louisiana, to-wit:

The North 17 acres of a 37 acre tract which is located in the SW $\frac{1}{4}$  of Section 7, Township 9 South, Range 3 East, the south line of said 17 acre tract being parallel to the south line of Section 7 and sufficient distance south of the north lines of the tract to contain 17 acres, more or less, said 17 acres, being bounded by lands now or formerly as follows: North by Alicia R. Blanchard and Aristille Cormier; East by lands of Marciel Roach; South by other lands of Lawrence Revette; and West by lands of Eddie Prejean and Alicia R. Blanchard.

B-3. Continental Lease No. 68814, dated May 1, 1953, between Edgar Quebodeaux, as Lessor, and Verne Hawkins, as Lessee, recorded under Entry No. 261010, Book S-12, Page 153, as amended by an instrument dated March 26, 1958, recorded under Entry No. 294242, covering the following described lands, in Acadia Parish, Louisiana, to-wit:

40 acres, more or less, situated in the Southwest Quarter of Section 7, Township 9 South, Range 3 East, bounded by lands now or formerly as follows, to-wit: North by Lepnce Breaux; East by Mrs. Telesmore Blanchard; South by Eddie Prejean; and West by J. W. Goldsby, et al.



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B-4. Continental Lease No. 68815, dated May 1, 1953, between Sidney Broussard, as Lessor, and Verne Hawkins, as Lessee, recorded under Entry No. 261011, Book S-12, Page 156, covering the following described lands, in Acadia Parish, Louisiana, to-wit:

1. 11.66 acres, more or less, situated in the West Half of Section 12, Township 9 South, Range 2 East, bounded by lands owned now or formerly as follows, North by Telesphor Gaspard, East and West by Edward Arceneaux, South by other lands of lessor.
2. 118 acres, more or less, situated partly in West Half of Section 12 and partly in North Half of Section 13, all in Township 9 South, Range 2 East, bounded by lands owned now or formerly as follows, North by Edward Arceneaux, other lands of lessor, and J. W. Goldsby, East by J. W. Goldsby, et al, Louis. Cormier and Emile Petitjean; South by Louis Cormier, Emile Petitjean and Curtis Johnson; West by Curtis Johnson and Edward Arceneaux, Less and Except the following de-

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scribed lands which are excluded from Tract 2, being as follows: 25.98 acres, more or less, situated in Section 13, Township 9 South, Range 2 East, being further described as bounded, now or formerly as follows: North by other lands of lessor and/or Southeast line of Edward Arceneaux Unit No. 2 for the Klumpp Sand as established by Order No. 307-D of the Conservation Department effective October 1, 1957, recorded under Entry No. 291031, and Mary Easley G. McConnell, et al; East by Louis Cormier and Ashton Petitjean; South by Ashton Petitjean and Curtis Johnson; West by other lands of lessor and/or above described unit line.

B-5. Continental Lease No. 68816, dated March 4, 1958, but effective May 1, 1958, between Alicia Roach Blanchard, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 293732, Book ....., Page ....., covering and affecting the following described lands, in Acadia Parish, Louisiana, to-wit:

28.5 acres, more or less, situated in the South Half of Section 7, Township 9 South, Range 3 East, bounded by lands owned now or formerly as follows: North by Leonce Breaux, East by Aristille Cormier, South by Laurence Revet and West by Edgar Quebodeaux and Eddie Prejean.

B-6. Continental Lease No. 68818, dated May 1, 1953, between Leonce Breaux, et ux, as Lessor, and Verne Hawkins, as Lessee, recorded under Entry No. 261013, Book S-12, Page 162, insofar but only insofar as said lease covers the following described lands, in Acadia Parish, Louisiana, to-wit:

3.06 acres, more or less, located in the Northwest corner of the South Half of the Northwest quarter (being the Northwest part of the Leonce Breaux tract) in Section 7, Township 9 South, Range 3 East, and further described as being 371.5' long on the West side, 363.4 feet long on the North side, 363.7 feet long for the east side, and 362.1 feet long for the south side.

B-7. Continental Lease No. 68852, dated April 29, 1953, between Agnes Richard Tanner, et al, as Lessor, and Cecil Hawkins, as Lessee, recorded in Book X-12, Page 358, under Entry No. 262503, and

Lease dated May 27, 1953, between Mary Easley G. McConnell, et al, as Lessor, and Cecil Hawkins, as Lessee, recorded under Entry 261006, Book S-12, Page 140, said

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leases covering the following described land, in Acadia Parish, Louisiana, to-wit:

The East half of Section 12, Township 9 South,

Range 2 East, containing 322 acres, more or less.

B-8. Continental Lease No. 70880, dated October 15, 1953, between Mrs. Hazel Larcode Prejean, et al, as Lessor, and Verne Hawkins, as Lessee, recorded under Entry No. 261707, Book U-12, Page 490, insofar, but only insofar as said lease covers the following described lands, in Acadia Parish, Louisiana to-wit:

56.27 acres, more or less, being the western part of a 116.46 acre tract which is situated in Section 6, Township 9 South, Range 3 East, said 56.27 acres being that part of the above lease which is located in Nodosaria Unit No. 11, said tract being bounded by lands now or formerly as follows: North by Ray E. Babineaux and

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Arthur Cormier; East by the east line of Nodosaria Unit No. 11 established by the Conservation Department of State of Louisiana by Order No. 307-b dated October 2, 1956; South by lands of Chas. P. Willis, et al; West by lands of Laura C. Doucet, Elton Douget and by Ray E. Babineaux.

B-9. Continental Lease No. 70881, dated October 15, 1953, between Eddie Prejean, as Lessor, and Verne Hawkins, as Lessee, recorded under Entry No. 261708, Book U-12, Page 494, insofar, but only insofar as said lease covers the following described lands, in Acadia Parish, Louisiana, to-wit:

1. 42.45 acres, more or less, described as the Southwest Quarter of Southwest Quarter of Section 7,

Township 9 South, Range 3 East, bounded by lands now or formerly as follows: North by Edgar Quebodeaux; East by Telesmare Blanchard, et al; South by other lands of lessor; West by Joel W. Goldsby, et al.

2. 15.70 acres, more or less, out of a 62.94 acre tract of land located in the Northwest Quarter of Section 18, Township 9 South, Range 3 East, said 15.70 acres being the northwest part thereof and being bounded as follows: North by Tract 1 above described; East by a southerly projection of the east line of the Eddie Prejean lands in Section 7 being Tract 1 above described, or other lands of lessor; South by a projected line which is an east extension of the south line of the Louis Cormier 41 acre tract located in the NE $\frac{1}{4}$  of the NE $\frac{1}{4}$  of Section 13, Township 9 South, Range 2 East, or other land of lessor; West by lands of Aristille Cormier.

B-10. Continental Lease No. 70882, dated October 10, 1953, between Alfred Latiolais, as Lessor, and Cecil Hawkins, as lessee, recorded in Book U-12, Page 498, under Entry No. 261709, covering the following described land, in Acadia Parish, Louisiana, to-wit:

12 acres, more or less, situated in the Southwest Quarter of Section 6, Township 9 South, Range 3 East, bounded by lands owned now or formerly as follows, to-wit: North by Ozema Mire Credeur; East by Dernal Veronie; South by Eve Cormier; West by Houston Blanchard.

B-11. Continental Lease No. 70883, dated October 12, 1953, between Onezia M. Credeur, Lessor, and Cecil Hawkins, Lessee, recorded under Entry No. 261710, Book U-12, Page 501, as amended by an instrument dated September 18, 1956, between Onezia Mire and Continental Oil Com-

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pany, recorded under Entry No. 283813, Book W-15, Page 161, covering the following described land, in Acadia Parish, Louisiana, to-wit:

21.6 acres, more or less, situated in the southwest Quarter of Section 6, Township 9 South, Range 3 East, bounded now or formerly as follows, to-wit:

North by Elise Cormier Rourke and Laura Cormier Doucet; East by Romelus Melancon Estate, Leonard Comeaux, Una Mire Comeaux and Benel Veronie; South by Alfred Latiolais; and West by Elise Cormier, wife of Martin Rourke and Houston Blanchard or Public Road.

B-12. Continental Lease No. 70886, dated October 13, 1953, between Wallace Hebert, et ux, as Lessor, and Cecil Hawkins, as Lessee, recorded under Entry No. 261701, Book U-12, Page 467, insofar, but only insofar as said lease covers the following described lands, in Acadia Parish, Louisiana, to-wit:

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The western 11.45 acres, more or less, out of a 36 acre tract which is situated in the Northeast Quarter of Section 6, Township 9 South, Range 3 East, being that part of the lease which is located in Nodosaria Unit No. 11, the 11.45 acres being bounded as follows: North by Drozin Broussard; East by the east line of Nodosaria Unit No. 11 which was established by the Conservation Department of State of Louisiana by Order No. 307-b dated October 2, 1956; South by lands of Arthur Cormier; West by lands of Anna P. Hebert.

B-13. Continental Lease No. 70889, dated October 15, 1953, between Ray E. Babineaux, as lessor, and Cecil Hawkins, as Lessee, recorded in Book U-12, Page 474,

under Entry No. 261703, insofar but only insofar as said lease covers the following described land, to-wit:

A certain tract of land situated in Section Six, Township Nine South, Range Three East (Sec. 6, T-9-S, R-3-E), Acadia Parish, Louisiana, containing Thirty and 92/100 (30.92) acres, more or less, bounded now or formerly, North by Aurelian Hebert, South by Isidore Prejean, and Arthur Cormier, East by Arthur Cormier and West by Joseph Cormier, Jr., and Estate of Isidore Prejean.

B-14. Continental Lease No. 70890, dated October 15, 1953, between Houston Mire, et al, as Lessor, and Cecil Hawkins, as Lessee, recorded under Entry No. 261686, Book U-12, Page 406, as ratified by a ratification instrument dated July 2, 1956, by Leonard Comeaux, recorded under Entry No. 282023, and

Lease dated October 15, 1953, between Rita Mire, as Lessor, and Cecil Hawkins, as Lessee, recorded under Entry No. 261696, Book U-12, Page 447, and

Lease dated October 15, 1953, between Joseph L. Mire, as Lessor, and Cecil Hawkins, as Lessee, recorded under Entry No. 261698, Book U-12, Page 455, and

Lease dated October 15, 1953, between Walter Veronie, as Lessor, and Cecil Hawkins, as Lessee, recorded under Entry No. 261697, Book U-12, Page 451, insofar, but only insofar as said leases cover and affect the following described lands, in Acadia Parish, Louisiana, to-wit:

61.55 acres, more or less, being the Southwest part of the original 151.8 acres, covered by said leases, which is located in the South Half of Section 6, Township 9 South, Range 3 East, being that part of the lease which is located in Nodosaria Unit No. 11, said 61.55 acres, being bounded as follows: North by lands of Mrs. Hazel Prejean; East by the east line of Nodo-



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saria Unit No. 11, as established by the Conservation Department of State of Louisiana by Order No. 307-b, dated October 2, 1956; South by Section line and/or lands of Luma Cormier, Walter Cormier and Eva Cormier; and West by lands of Alfred Latiolais and Onezia M. Credeur.

B-15. Continental Lease No. 70892, dated October 17, 1953, between Anna P. Hebert, et al, as Lessor, and Cecil Hawkins, as Lessee, recorded in Book U-12, Page 418, under Entry No. 261689, covering the following described land, in Acadia Parish, Louisiana, to-wit:

40 acres, more or less, situated in north half of Section 6, Township 9 South, Range 3 East, bounded by lands owned now or formerly as follows, to-wit: North by John

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Guilbeaux and Fiet Cormier; East by Wallace Hebert; South by Arthur Cormier and Ray Babineaux; West by Howard Lantier.

B-16. Continental Lease No. 70893, dated October 19, 1953, between Marcelus Savoie, as Lessor, and Cecil Hawkins, as Lessee, recorded in Book U-12, Page 423, under Entry No. 261690, covering the following described land, in Acadia Parish, Louisiana, to-wit:

30.5 acres, more or less, situated in the Northeast Quarter of Section 1, Township 9 South, Range 2 East, bounded by lands owned now or formerly as follows, to-wit: North by Simonne Gilbert and Moise Touchet; East by August Martinez; South by Andrew Menard; West by Andrew Menard and Noah Stelly.

B-17. Continental Lease No. 70894, dated October 19, 1953, between August Martinez, as Lessor, and Cecil Hawkins, as Lessee, recorded in Book U-12, Page 427, under

Entry No. 261691, covering the following described land, in Acadia Parish, Louisiana, to-wit:

35 acres, more or less, situated in the Northeast Quarter of Section 1, Township 9 South, Range 2 East, and in the Northwest Quarter of Section 6, Township 9 South, Range 3 East, bounded by lands owned now or formerly as follows, to-wit:

North by Moise Touchet; East by Howard Lantier; South by Andrew Menard; West by Marcelus Savoie.

B-18. Continental Lease No. 70896, dated October 21, 1953, between Howard Lantier, as Lessor, and H. A. Sackman, as Lessee, recorded in Book U-12, Page 435, under Entry No. 261693, covering the following described land in Acadia Parish, Louisiana, to-wit:

30 acres, more or less, situated in the Northwest Quarter of Section 6, Township 9 South, Range 3 East, bounded by lands owned now or formerly as follows, to-wit: North by Moise Touchet and John Guilbeaux; East by Aurellian Hebert Estate; South by Elton Douget; West by August Martinez.

B-19. Continental Lease No. 70897, dated October 24, 1953, between Elton Douget, as Lessor, and H. A. Sackman, as Lessee, recorded in Book V-12, Page 439, under Entry No. 261694, covering the following described land in Acadia Parish, Louisiana, to-wit:

32 acres, more or less, situated in the Northwest Quarter of Section 6, Township 9 South, Range 3 East, bounded by lands owned now or formerly as follows, to-wit: North by Howard Lantier; East by Ray Babineaux and Estate of Isadore Prejean; South by Laura Cormier; West by Aurelian Hebert and Andrew Menard.

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B-20. Continental Lease No. 71017, dated December 31, 1953, between Nelson Stelly, as Lessor, and Cecil Hawkins, as Lessee, recorded in Book B-13, Page 340, under Entry No. 263480, covering the following described land in Acadia Parish, Louisiana, to-wit:

28.75 acres, more or less, situated in Northern portion of Section 1, Township 9 South, Range 2 East, bounded by lands owned now or formerly as follows, to-wit: North by Mrs. Lorena C. Prejean Estate and Mrs. Louis Castille; East by Marcelus Savoie and Andrew Menard; South by Andrew Menard and Armogene Meche; West by Armogene Meche and Doris Melancon.

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B-21. Continental Lease No. 76648, dated March 7, 1955, between Rosa Breaux Broussard, et al, as Lessor, and Continental Oil Company, as Lessee, recorded in Book F-14, Page 535, under Entry No. 271797, covering the following described land in Acadia Parish, Louisiana, to-wit:

1. That certain strip of land thirty (30) feet in width heretofore constituting a private roadway along the North line and along the Northernmost two hundred (200) feet of the West line of that certain tract of one hundred (100) arpents, more or less, now or formerly bounded on the West by land of Curtis Johnson, on the North by lands of the widow and heirs of Ben Arceneaux and Sidney Broussard, on the East by land of Albert Lavergne, and on the South by lands of Zepherin Breaux. Said strip of land being more particularly described in act of partition between the widow and heirs of Simeon Broussard, Deceased, dated July 1, 1936, recorded in Acadia Parish, Louisiana, as Original Act No. 127817, in Conveyance Book O-5, page 466, and

being shown on plat attached to said act of partition. Said Land is situated in Section 12, Township 9 South, Range 2 East.

2. That certain strip of land thirty (30) feet in width by three and one-half ( $3\frac{1}{2}$ ) arpents in length constituting a private roadway along the South line of lands owned now or formerly, by Edward Arceneaux, said strip of land being situated in Section 12, Township 9 South, Range 2 East, and bounded, now or formerly as follows: North by Edward Arceneaux; East by Tract 1 hereinabove described; South by Curtis Johnson or assigns; and West by Public Road and/or Eugène Dupuis and Alfred Webber, being the same property acquired by Simeon Broussard from Mrs. Ben Arceneaux et al by deed dated September 27, 1922, and recorded in Acadia Parish, Louisiana, as Original Act No. 62781, in Conveyance Book T-3, page 442.

B-22. Continental Lease No. 76855, dated May 11, 1955, between Venola Mire Gaudet, et al, as Lessor, and Continental Oil Company, as Lessee, recorded in Book ....., Page ....., under Entry 273709, of the Conveyance Records of Acadia Parish, Louisiana; and

Lease dated July 18, 1955, between Maurice Mire, et al, as Lessor, and Continental Oil Company, as Lessee, recorded in Book P-14, Folio 567, under Entry No. 274675, insofar but only insofar as said leases cover the following described land, in Acadia Parish, Louisiana, to-wit:

1. That certain strip of land thirty (30) feet in width heretofore constituting a private roadway along the North line and along the Northernmost two hundred (200) feet of the West line of that certain tract of one hundred (100) arpents, more or less, now or formerly bounded on the West by land of

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Curtis Johnson, on the North by lands of the widow and heirs of Ben Arceneaux and Sidney Broussard, on the East by land of Albert Lavergne, and on the South by lands of Zepherin Breaux. Said strip of land being more particularly described in act of partition between the widow and heirs of Simeon Broussard, Deceased, dated July 1, 1936, recorded in Acadia Parish, Louisiana, as Original Act No. 127817, in Conveyance Book O-5, page 466, and being shown on plat attached to said act of partition. Said land is situated in Section 12, Township 9 South, Range 2 East.

2. That certain strip of land thirty (30) feet in width by three and one-half ( $3\frac{1}{2}$ ) arpents in length constituting a private roadway along the South line of lands owned

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now or formerly, by Edward Arceneaux, said strip of land being situated in Section 12, Township 9 South, Range 2 East, and bounded, now or formerly as follows: North by Edward Arceneaux; East by Tract 1 hereinabove described; South by Curtis Johnson or assigns; and West by Public Road and/or Eugene Dupuis and Alfred Webber, being the same property acquired by Simeon Broussard from Mrs. Ben Arceneaux et al by deed dated September 27, 1922, and recorded in Acadia Parish, Louisiana, as Original Act No. 62781, in Conveyance Book T-3, page 442.

B-23. Continental Lease No. 80037, dated March 13, 1956, between Leah Broussard Murphy, as Lessor, and Louis E. Bernard, as Lessee, recorded in Book ....., Page ....., under Entry No. 280318, of the Conveyance Records of Acadia Parish, Louisiana, insofar, but only insofar as

said lease covers the following described land, in Acadia Parish, Louisiana, to-wit:

1. A certain tract of land containing 85 acres, more or less, lying in Sections 12 and 13, Township 9 South, Range 2 East, bounded by lands owned now or formerly, as follows: North by Louis Benjamin Arceneaux (now Edward Arceneaux and Sidney Broussard); East by Albert Lavergne (now Sidney Broussard); South by Zepherine Breau (now Curtis Johnston); and West by Curtis Johnson and Louis Benjamin Arceneaux (now Edward Arceneaux).
2. That certain strip of land thirty (30) feet in width by three and one-half ( $3\frac{1}{2}$ ) arpents in length constituting a private roadway along the South line of lands owned now or formerly, by Edward Arceneaux, said strip of land being situated in Section 12, Township 9 South, Range 2 East, and bounded, now or formerly, as follows: North by Edward Arceneaux; East by Tract 1 hereinabove described; South by Curtis Johnson or assigns and West by Public Road and/or Eugene Dupuis and Alfred Webber; being the same property acquired by Simeon Broussard from Mrs. Ben Arceneaux et al by deed dated September 27, 1922, and recorded in Acadia Parish, Louisiana, as Original Act No. 62781, in Conveyance Book T-3, Page 442.

B-24. Continental Lease No. 80040, dated April 5, 1956, by and between Sidney Broussard, as Lessor and Continental Oil Company, as Lessee, recorded in Book ....., Folio ....., under Entry No. 230245, covering the following described land, in Acadia Parish, Louisiana, to-wit:

That certain strip of land thirty (30) feet in width by three and one-half ( $3\frac{1}{2}$ ) arpents in length con-



**(A2670)**

stituting a private roadway along the South line of lands owned now or formerly by Edward Arceneaux, said strip of land being situated in Section 12, Township 9 South, Range 2 East, and bounded, now or formerly, as follows: North by Edward Arceneaux; East by Sidney S. Broussard; South by Curtis Johnson or assigns; and West by Public Road and/or Eugene Dupuis and Alfred Webber, being the same property acquired by Simeon Broussard from Mrs. Ben. Arceneaux et al by deed dated September 27, 1922, and recorded in Acadia Parish, Louisiana, as Original Act No. 62781, in Conveyance Book T-3, page 442.

B-25. Continental Lease No. 80128, dated December 1, 1956, between Leonard Comeaux, as Lessor, and Continental Oil Company, as Lessee, recorded in Book ....., Page ....., under Entry No. 285213, insofar but only insofar as said lease covers the following described land, in Acadia Parish, Louisiana, to-wit:

**A2671**

4.58 acres, more or less, being the western part of the 10 acres covered by the lease which is situated in Section 6, Township 9 South, Range 3 East, being that part of the lease that is located in Nodosaria Unit No. 11, said 4.58 acres being bounded as follows: North by lands of Chas. P. Willis, et al; East by the east line of Nodosaria Unit No. 11 as established by the Conservation Department of State of Louisiana by Order No. 307-b dated October 2, 1956; South by lands Houston Mire, et al; and West by lands of Onezia M. Credeur.

B-26. Continental Lease No. 80129, dated November 30, 1956, between Charles Prescott Wills, et al, as Lessor, and Continental Oil Company, as Lessee, recorded in Book ....., Page ....., under Entry No. 285214, insofar

but only insofar as said lease covers the following described land, in Acadia Parish, Louisiana, to-wit:

9.24 acres, more or less, being in the western part of the 40.6 acres covered by the lease which lands are situated in Section 6, Township 9 South, Range 3 East, being that part of the lease that is located in Nodosaria Unit No. 11, said 9.24 acres being bounded as follows: North by lands of Laura Cormier Doucet and by Mrs. Hazel L. Prejean, et al; East by the east line of Nodosaria Unit No. 11 as established by the Conservation Department of State of Louisiana by Order No. 307-b dated October 2, 1956; South by lands of Leonard Comeaux; and West by lands of Onezia M. Credeur.

B-27. Continental Lease No. 83297, dated August 13, 1957, between Police Jury of Acadia Parish, Louisiana, as Lessor, and Continental Oil Company, as Lessee, recorded in Book V-16, Folio 681, under Entry No. 290750, insofar but only insofar as said lease covers the following described land, in Acadia Parish, Louisiana, to-wit:

.72 of an acre being part of a road on the north side of Section 6 and 1.45 acres being part of a road along the south side of Section 6 (being .08 acre in Nodosaria Unit No. 8; .17 of an acre in Nodosaria Unit No. 4 and 1.92 acres in Nodosaria Unit No. 11, all established by Order No. 307-b dated October 2, 1956) said 2.17 acres being part of the western portion of the 5.66 acres covered by the lease which lands in said lease are situated in Section 31, Township 8 South, Range 3 East and in Sections 6 and 7, Township 9 South, Range 3 East, the 2.17 acres being located in Nodosaria Unit No. 4, Nodosaria Unit No. 8 and in Nodosaria Unit No. 11 all of which were established by the Conservation Department of State of

(A2671)

Louisiana by Order No. 307-b dated October 2, 1956, to which reference is made for acreage in this lease located within such units.

B-28. Continental Lease No. 83310, dated February 25, 1958, but effective May 1, 1958, between Aristille Cormier, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 293528, Book ....., Page ....., insofar, but only insofar as said lease covers the following described lands, in Acadia Parish, Louisiana, to-wit:

The west 19 acres, more or less, of the 37 acre tract covered by said lease located in the South Half of Section 7, Township 9 South, Range 3 East, said 19 acres being bounded as follows: North by lands of Leonce Réaux, et ux; East by a line which is a northerly projection of the most easterly line of the Lawrence Revette lands which are located in the Southwest Quarter of Section 7 being South of and adjacent to this tract; South by lands of Lawrence Revette; West by lands of Alicia R. Blanchard.

B-29. Continental Lease No. 8331, dated February 27, 1958, but effective May 1, 1958,

**A2672**

between Sidney Broussard, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 293527, Book ....., Page ....., covering the following described lands, to-wit:

25.98 acres, more or less, situated in Section 13, Township 9 South, Range 2 East, Acadia Parish, Louisiana, and being further described as bounded now or formerly, as follows: North by other lands of lessor and/or southeast line of Edward Arceneaux Unit No. 2 for the Klumpp Sand as established by Order No. 307-D of the Conservation Department, ef-

fective October 1, 1957, recorded in COB X-16, at folio 48, under Entry No. 291031 of the official conveyance records of Acadia Parish, Louisiana, and Mary Easley G. McConnell, et al; East by Louis Cormier and Ashton Petitjean, et al; South by Aston Petitjean, et al and Curtis Johnson; West by other lands of lessor and/or above described unit line.

B-30. Continental Lease No. 83312, dated February 26, 1958, but effective May 1, 1958, between Leonce Breaux, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 293530, Book ....., Page ....., insofar, but only insofar as said lease covers the following described lands, in Acadia Parish, Louisiana, to-wit:

The west 61.50 acres, more or less, of Tract 1 of the lease which tract contains 99 acres located in the North Half of Section 7, Township 9 South, Range 3 East, said 61.50 acres being bounded by lands now or formerly as follows: North by a 3.06 acre tract owned by lessor and by land of Eve Cormier and by Walter Cormier; East by a line which is a northerly projection of the east line of a tract containing 28.5 acres owned by Alicia R. Blanchard, et al which is located in the Northeast Quarter of the Southwest Quarter of Section 7; South by lands of Alicia R. Blanchard, et al and by Edgar Quebodeaux; West by west line of Section 7 and/or lands of Mary Easley McConnell, et al and by the 3.06 acre tract owned by lessor, it being the intention that the east 37.50 acres of the 99 acre tract is excluded from the above description.

B-31. Continental Lease No. 83335, dated May 7, 1958, between Aristille Cormier, et al, as Lessor, and Continental Oil Company, as Lessee, recorded under Entry No. 295077, Book ....., Page ....., insofar, but only insofar

(A2672)

as said lease covers the following described lands, in Acadia Parish, Louisiana, to-wit:

The north 13.75 acres, more or less, of the 20 acres covered by this lease which lands are situated in the Northeast part of Section 13, Township 9 South, Range 2 East and in Northwest part of Section 18, Township 9 South, Range 3 East, said 13.75 acres being bounded as follows: North by lands of Mary Easley McConnell, et al and by Eddie Prejean; East by lands of Eddie Prejean; South by a line which is an easterly projection of the south line of the Louis Cormier 41 acre tract located in the Northeast Quarter of the Northeast Quarter of Section 13; West by lands of Louis Cormier.

B-32. Continental Lease No. 88868, dated November 7, 1958, effective February 13, 1959, between Leonce Breaux, Lessor, and Continental Oil Company, Lessee, recorded under File No. 299828, Book ....., Page ....., covering and affecting lands described as follows, to-wit:

Tract 1. 1.86 acres, more or less, located in Section 11, Township 9 South, Range 2 East, bounded now or formerly as follows: North and East by the South line of the Elton Arceneaux Unit No. 1 established for the Klumpp "D" Sand, Rayne Field, by the Conservation Department Order No. 307-D-1, effective October 1, 1958, and re-

**A2673**

corded as Original Act No. 298174 of the Conveyance Records of Acadia Parish, Louisiana, West by lands of Gerard Mouton; South by lands of John Bearb.

Tract 2. 1.42 acres, more or less, located in Section 43, Township 9 South, Range 2 East, bounded now or formerly as follows: Northwest by lands of Jean



Benoit, Southwest by lands of Robert Castille, Northeast and Southeast by the West line of Nodosaria Unit No. 7, established for the Nodosaria Sand in Rayne Field by the Conservation Department Order No. 307-b, effective October 1, 1956, and recorded as Original Act No. 284288 of the Conveyance Records of Acadia Parish, Louisiana.

**Leases with ownership:**

Continental Oil Company 50% and Sun Oil Company 50%.

C-1. Continental Lease No. 76647, dated February 7, 1955, between Lize Mire, Lessor, and Continental Oil Company, Lessee, recorded under File No. 271114, in Book ....., Page .....; and

Lease dated February 9, 1955, between Euclide Brasseaux, Lessor, and Continental Oil Company, Lessee recorded under File No. 271113, in Book ....., Page .....; and

Lease dated July 19, 1955, between Aurelien Credeur, et al, Lessor, and Sun Oil Company, Lessee, recorded under File No. 276579, Book W-14, Page 34; and

Lease dated September 7, 1955, between Wilton Credeur, Lessor, and Sun Oil Company, Lessee, recorded under File No. 276800, Book W-14, Page 549; and

Lease dated September 7, 1955, between Delvin Credeur, Lessor, and Sun Oil Company, Lessee, recorded under File No. 277958, Book A-15, Page 591; and

Lease dated January 27, 1956, between Henrietta Delores Fall, et al, as Lessor, and Sun Oil Company, Lessee, recorded under File No. 278763, Book D-15, Page 585, the above leases cover the following described lands, in Acadia Parish, Louisiana, to-wit:

A certain tract or parcel of land containing three (3) arpents, more or less, situated in Section 43 and/or 44, Township 9 South, Range 2 East, bounded now or formerly on the North by Basil Sonnier and South,



(A2673)

East and West by Bayou Wikoff; Being the same property acquired by Lize Mire by Act No. 46511 of the records of Acadia Parish, Louisiana.

C-2. Continental Lease No. 76688, dated February 7, 1955, between Antonia Castille, Lessor, and Sun Oil Company, Lessee, recorded under File No. 271410, Book E-14, Page 248; and

Lease dated February 8, 1955, between John Castille, et al, Lessors, and Sun Oil Company, Lessee, recorded under File No. 272852, Book J-14, Page 400; and

Lease dated July 28, 1955, between Edgar Domingue, et al, Lessors, and Sun Oil Company, Lessee, recorded under File No. 275102, Book R-14, Page 67; and

Lease dated July 11, 1956, between Homer Andrew Arceneaux, a minor, represented therein by J. Warren Arceneaux, Tutor, Lessor, and Sun Oil Company, Lessee, recorded under 283575, Book V-15, Page 259, the above leases cover the following described lands, in Acadia Parish, Louisiana, to-wit:

A certain tract of land situated in Section 43, Township 9 South, Range 2 East, containing 1.2 acres, more or less, and bounded now or formerly as follows:

On the Northeast by Leonce Breaux and Bayou Wikoff, Southeast by Bayou Wikoff, Southwest by Waddy Arceneaux and Northwest by Rosalie Credeur

**A2674**

Benoit, et al. Being the same property acquired by Robert Castille from Felicien Arceneaux on June 8, 1929 by deed recorded under Entry No. 92039 in Conveyance Book L-4, Page 161, records of Acadia Parish, Louisiana.

C-3. Continental Lease No. 76700, dated March 29, 1955, between Joseph Adonis Credeur, et al, as Lessors, and

Continental Oil Company, as Lessee, recorded under File No. 272613, Book ....., Page ....., covering the following described lands, in Acadia Parish, Louisiana, to-wit:

A certain tract of land containing 4 acres, more or less, lying in Section 43, Township 9 South, Range 2 East, bounded, now or formerly, as follows: North by Julianne LeBlanc and Waddy Arceneaux; East by Waddy Arceneaux and Bayou Wikoff; South by Bayou Wikoff and Leonce Breaux; and West by Leonce Breaux and Julianne LeBlanc.

C-4. Continental Lease No. 76701, dated March 29, 1955, between Dupre Credeur, et al, as Lessors, and Continental Oil Company, as Lessee, recorded under File No. 272612, Book ....., Page .....; and,

Lease dated March 29, 1955, between Joseph Credeur, et al, as Lessors, and Continental Oil Company and Sun Oil Company, as Lessees, recorded under File No. 293273, Book ....., Page .....; and,

Lease dated March 29, 1955, between Raymond Lester Cormier, Lessor, and Continental Oil Company and Sun Oil Company, as Lessees, recorded under File No. 293271, Book ....., Page .....; and

Lease dated March 29, 1955, between Marie Celine Cormier Brace, as Lessor, and Continental Oil Company and Sun Oil Company, as Lessees, recorded under File No. 293272, Book ....., Page .....; and,

Lease dated March 29, 1955, between Elwood Credeur, et al, as Lessor, and Continental Oil Company and Sun Oil Company, as Lessees, recorded under File No. 293274, Book ....., Page .....; and,

Lease dated March 29, 1955, between Mabel Credeur Hebert, as Lessor, and Continental Oil Company and Sun Oil Company, as Lessees, recorded under File No. 293603, Book ....., Page ....., whereby the above leases cover the following described lands, to-wit:

(A2574)

A certain tract of land containing 1 acre, more or less, lying in Section 43, Township 9 South, Range 2 East, in Acadia Parish, Louisiana, bounded, now or formerly, as follows:

North by Jean Benoit, Basil Sonnier and Waddy Arceneaux; East by Waddy Arceneaux and W. Petitjean and Company, et al; South by W. Petitjean and Company, et al and Leonce Breaux; and West by Leonce Breaux, Jean Benoit, and Basil Sonnier.

#### Operating and Net Profits Agreements

D-1. Continental Contract No. 9760—Operating and Net Profits Agreement dated November 7, 1957, between Joseph M. Petitjean, et al, and Continental Oil Company, the original being filed of record under Entry No. 296755, in Conveyance Book Q-17, Page 746, of records of Acadia Parish, Louisiana, as to the Nodosaria Sand Unit No. 7 originally formed and as Revised by Order No. 307-b, and as to the Homeseekers "E" Sand Unit No. 4 established by Order No. 307-A, said property so included in the units being described as follows, to-wit:

#### A2675

That certain lot of ground known as the "Cemetery Tract" situated in Section 47, Township 9 South, Range 2 East, comprising 1.13 acres, which is described as: commencing at a  $1\frac{1}{4}$ " iron post situated at the southwest corner of Lot 8 of Block "C" of Partition between the Heirs of Jean Mouton, dated July 9, 1923, recorded in Acadia Parish, Louisiana in Conveyance Book Q-3 at page 774, as Original Act No. 66624; then South  $44^{\circ} 24'$  West 231.7 feet; thence North  $39^{\circ} 17'$  West 210.2 feet; thence North  $39^{\circ} 59'$  East 222.7 feet to the west line of said Lot 8 of Block

"C" of the Mouton Partition; thence South 42° 11' East with the west line of said Lot 8 of Block "C" to the point of beginning; being the identical tract of land reserved and excepted by Telesphore Gaspard in conveyance by him to Volcar Arsement, recorded in Conveyance Book M-2, page 716; said cemetery tract being bounded on the east by the West line of Lot 8 of Block "C" of the Mouton Partition owned by Claby Dugas, and on the South, West and North by lands of W. Petitjean & Company.

D-2. Continental Contract No. 9761—Operating and Net Profits Agreement dated December 26, 1957, between W. Petitjean and Company and Continental Oil Company, the original being filed of record under Entry No. 296754, in Conveyance Book Q-17, Page 736, of the records of Acadia Parish, Louisiana, as to Nodosaria Unit No. 7 originally formed and as Revised by Order No. 307-b, said property so included in the unit being described as follows, to-wit:

A certain tract of land containing four (4) acres, more or less, lying in Section 43, Township 9 South, Range 2 East, bounded now or formerly as follows: North by Julianne LeBlanc and Waddy Arceneaux; East by Waddy Arceneaux and Bayou Wikoff; South by Bayou Wikoff and Leonce Breaux; and West by Leonce Breaux and Julian LeBlanc.

D-3. Continental Contract No. 9793—Operating and Net Profits Agreement dated May 13, 1958, between Mrs. Agnes Richard Tanner and Continental Oil Company, the original being filed of record under Entry No. 296583, in Conveyance Book ....., Page ....., of records of Acadia Parish, Louisiana, as to the Nodosaria Sand Unit No. 4 originally formed and as Revised by Order No. 307-b, and as to the Homeseekers "E" Sand Unit No. 3 established by Order

**A2675)**

No. 307-A, said property so included in the units being described as follows, to-wit:

1.07 acres of land, more or less, out of Section No. 12, Township 9 South, Range 2 East in Acadia Parish, Louisiana, and being described as follows:

**BEGINNING** at a point in the north line of Edward Arceneaux's 61.01 acre tract for the most southerly southeast corner of Alicia Roach Blanchard's 67.56 acre tract;

**THENCE** North 1 deg. 18 min. East 228.7 feet with the most westerly east line of the said Blanchard 67.56 acre tract to a point for its most southerly interior corner;

**THENCE** South 88 deg. 56 min. East 208.9 feet with the most northerly south line of the said Blanchard 67.56 acre tract to a point for its most northerly southeast corner in the west line of Mary Easley G. McConnell, et al, 309.10 acre tract;

**THENCE** South 1 deg. 12 min. West 219.2 feet with the west line of the said McConnell, et al, 309.10 acre tract to a point for the northeast corner of the said Arceneaux 61.01 acre tract;

**A2676**

**THENCE** South 88 deg. 29 min. West 209.6 feet with the north line of the said Arceneaux 61.01 acre tract to the place of beginning, containing 1.07 acres of land, more or less. All bearings are based on Lambert Grid of the Louisiana State Plane Coordinate System.

**Lease and Option Agreement (Surface Lease)**

**E-1.. Continental Contract No. 8713—Lease and Option Agreement dated June 15, 1955, filed for record under**



Entry No. 274550 in Conveyance Book ....., Page ....., of the Records of Acadia Parish, Louisiana, from Gerard Mouton, et al, as Lessor, to Continental Oil Company, as Lessee, as extended and amended by Extension and Amendment of Surface Lease dated January 15, 1959, filed for record under Entry No. .... in Conveyance Book, ....., Page....., of the Records of Acadia Parish, Louisiana, covering the following described lands, to-wit:

(a) A 10 acre tract of land in Section 47, Township 9 South, Range 2 East, described as beginning at a point N 48 deg. 34' E a distance of 878 feet from most southerly corner of Section 47, Township 9 South, Range 2 East, thence N 48 deg. 34' E a distance of 853 feet, thence N 41 deg. 34' W a distance of 510.7 feet, thence S 48 deg. 34' W a distance of 853 feet, thence S 41 deg. 34' E a distance of 510.7 feet to point of beginning, being 10 acres, more or less.

(b) A 10 acre tract of land in Section 47, Township 9 South, Range 2 East, more particularly described as follows: For a point of beginning, commence at the most Southerly corner of Section 47, Township 9 South, Range 2 East; go thence N 48 deg. 34' E a distance of 878 feet; thence N 41 deg. 34' W a distance of 1021.3 feet to point of beginning. From this point, go then South 41 deg. 34' E a distance of 510.6 feet; thence N 48 deg. 34' E a distance of 853 feet; thence N 41 deg. 34' W a distance of 510.6 feet; then S 48 deg. 34' W a distance of 853 feet the point of beginning. SAVE AND EXCEPT an approximatel one-half (1/2) acre tract of land in Section 48, Township 9 South, Range 2 East, Acadia Parish Louisiana, more particularly described as follows:

For point of beginning commence at the most Southerly corner of Section 47, Township 9 South,



(A2576)

Range 2 East, go thence N 48 deg. 34' East a distance of 878 feet; thence N 41 deg. 34' W a distance of 660.7 feet to point of beginning; from this point go thence South 41 deg. 34' E a distance of 150 feet; thence N 48 deg. 34' E a distance of 150 feet; thence N 41 deg. 34' W a distance of 150 feet; thence S 49 deg. 34' W a distance of 160 feet to point of beginning, said tract having been assigned by Continental Oil Company to Continental Pipe Line Company by instrument dated the ..... day of ....., 1959, filed for record under Entry No. ...., Conveyance Book ....., Page ..... of the Records of Acadia Parish, Louisiana.

E-2. Surface lease with option, dated September 27, 1954, from W. Petitjean and Company, as Lessor, and Continental Oil Company, as Lessee, the original being filed of record under entry No. 268915, in Conveyance Book ....., Page ....., of records of Acadia Parish, Louisiana, covering the following described lands, to-wit:

That certain tract or parcel of land lying and being situated in Sections 4 and 47, T-9-S, R-2-E, Acadia Parish, Louisiana, containing 2.67 acres of land, more or less, more particularly described as follows: Beginning at a point 23 feet N 41° 09' W 23 feet and S 48° 34' W 95 feet of the SW corner of Section 47, T-9-S, R-2-E; Thence

**A2677**

N 48° 34' E 472.0 feet to  $\frac{3}{4}$ " G.I. pipe set for corner; thence N 41° 26' W 248.0 feet to  $\frac{3}{4}$ " G.S. pipe set for corner; thence S 48° 06' W 472.5 feet to an old  $1\frac{1}{4}$ " pipe and  $\frac{3}{4}$ " G.I. pipe set for corner; thence S 41° 31' E 244.2 feet to the place of beginning and  $\frac{3}{4}$ " G.I. pipe set for corner. All as more fully shown by plat

of survey of Letz Engineers, Crowley, Louisiana, dated August 27, 1954, which is attached thereto and made part thereof.

**Rights of Way Agreements (For Pipe Lines)**

(The recording references hereinafter given are all in the Conveyance Records of Acadia Parish, Louisiana)

F-1. Rights of Way Agreement dated August 15, 1955, between W. Petitjean and Company, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276425, Book V-14, Page 422, crossing Grantor's lands in Sections 4 and 47, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-2. Rights of Way Agreement dated August 19, 1955, between Gerard Mouton et al, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276424, Book V-14, Page 417, crossing and on Grantor's lands, in Section 47 and 4, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-3. Rights of Way Agreement dated August 18, 1955, between J. Warren Arceneaux, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276427, Book V-14, Page 431, crossing Grantor's land in Section 47, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-4. Rights of Way Agreement dated August 19, 1955, between Claby Dugas, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276426, Book V-14, Page 427, crossing Grantor's lands in Section 47, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-5. Rights of Way Agreement dated October 31, 1955, between Lennie Arceneaux, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 277050,

**(A2677)**

Book X-14, Page 439, crossing Grantor's lands in Section 3 and 47, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-6. Rights of Way Agreement dated August 18, 1955, between J. Weston Arceneaux et al, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276430, Book V-14, Page 443, crossing Grantor's lands in Sections 47 and 3, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-7. Rights of Way Agreement dated November 2, 1955, between Lennie Arceneaux et al, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 279583, Book ....., Page ....., crossing Grantor's lands in Sections 3, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-8. Rights of Way Agreement dated August 18, 1955, between J. Walter Arceneaux, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276429, Book V-14, Page 439, crossing Grantor's land in Sections 3 and 47, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-9. Rights of Way Agreement dated August 31, 1955, between Dumas Cormier, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276428, Book V-14, Page 435, on Grantor's lands in Section 3 and 46, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

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F-10. Rights of Way Agreement, dated August 16, 1955, between Waddy Arceneaux, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276436, Book V-14, Page 463, crossing Grantor's lands in Section

11, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-11. Rights of Way Agreement dated September 1, 1955, between Eugene Dupuis et al, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276435, Book V-14, Page 459, crossing Grantor's lands in Section 11, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-12. Rights of Way Agreement dated August 12, 1955, between Elton A. Arceneaux as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276434, Book V-14, Page 456, crossing Grantor's lands in Section 11, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-13. Rights of Way Agreement dated August 15, 1955, between Thelice Gaspard, as Grantor, and Continental Oil Company, as Grantee; recorded under Entry No. 276431, Book V-14, Page 448, crossing and on Grantor's lands in Sections 1, 3 and 12, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-14. Rights of Way Agreement dated August 17, 1955, between Lucinda Blanchard Cormier, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276433, Book V-14, Page 454, on Grantor's 67.50 acre tract in Sections 1 and 12, Township 9 South, Range 2 East.

F-15. Rights of Way Agreement dated August 31, 1955, between J. Ovey Arceneaux, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276432, Book V-14, Page 452, crossing Grantor's 50 acre tract in Sections 1 and 12, Township 9 South, Range 2 East.

F-16. Rights of Way Agreement dated September 27, 1957, between W. Petitjean and Company, as Grantor,

**(A2678)**

and Continental Oil Company, as Grantee, recorded under Entry No. 291341, Book Y-16, Page 82, and crossing Grantor's lands in Sections 4 and 47, Township 9 South, Range 2 East.

F-17. Rights of Way Agreement dated September 30, 1957, between Gerard Mouton, et al, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 292273, Book A-17, Page 748, on and crossing Grantor's lands in Section 47, Township 9 South, Range 2 East.

F-18. Rights of Way Agreement dated June 15, 1956, between Edward Arceneaux, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 282388, Book R-15, Page 498, on and crossing Grantor's 43.23 acre tract in Section 12, Township 9 South, Range 2 East.

F-19. Rights of Way Agreement dated June 15, 1956, between Odoriska D. Cormier, et al, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 282389, Book R-15, Page 500, crossing Grantor's 31.72 acre tract in Section 11, Township 9 South, Range 2, East.

F-20. Rights of Way Agreement dated June 19, 1956, between Waddy Arceneaux, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 282390, Book R-15, Page 502, crossing Grantor's land in Section 11, Township 9 South, Range 2 East, and shown on plat attached to the agreement.

**A2679**

F-21. Rights of Way Agreement dated May 8, 1957, between Edward Arceneaux, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 288640, Book O-16, Page 492, on and crossing Grantor's 42.23 acre and 61.01 acre tracts of land in Section 12, Township 9 South, Range 2 East.



F-22. Rights of Way Agreement dated May 9, 1957, between Sidney Broussard, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 288641, Book O-16, Page 494, crossing Grantor's 12.30 acre tract in Section 12, Township 9 South, Range 2 East.

F-23. Rights of Way Agreement dated May 4, 1957, between Elton Dupuis, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 288642; Book O-16, Page 496; and,

Rights of Way Agreement dated May 6, 1957, between Ceasar Dupuis, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 288643, Book O-16, Page 498; and,

Rights of Way Agreement dated May 4, 1957, between Adoriska Cormier, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 288644, Book O-16, Page 500, which cross Grantor's 12.15 acre tract in Section 11, Township 9 South, Range 2 East.

F-24. Right of Way Agreement dated May 8, 1957, between Waddy Arceneaux, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 288645, Book O-16, Page 502, crossing Grantor's lands in Section 11, Township 9 South, Range 2 East, and shown on plat annexed to the agreement.

F-25. Right of Way Agreement dated August 24, 1955, between Marie Petitjean, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276437, Book V-14, Page 466, on Grantor's lands in Section 48, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-26. Right of Way Agreement dated September 4, 1955, between Nelson G. Hulin, et al, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 277051,



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Book X-14, Page 443, crossing Grantor's land in Sections 4 and 48, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-27. Right of Way Agreement dated August 31, 1955, between John Bearb, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 276438, Book V-14, Page 470, crossing Grantor's lands in Section 4, Township 9 South, Range 2 East, and shown on plat of survey annexed to the agreement.

F-28. Right of Way Agreement dated September 21, 1957, between Ray E. Babineaux as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 290929, Book W-16, Page 447, on Grantor's 31.35 acre tract in Section 6, Township 9 South, Range 3 East.

F-29. Right of Way Agreement dated September 24, 1957, between Elton Douget, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 290930, Book W-16, Page 450, crossing Grantor's 32 acre tract in Section 6, Township 9 South, Range 3 East.

F-30. Right of Way Agreement dated September 24, 1957, between Louis Cormier, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 291340,

**A2680**

Book Y-16, Page 79, crossing Grantor's 88 acre tract in Section 1, Township 9 South, Range 2 East and in Section 6, Township 9 South, Range 3 East.

F-31. Right of Way Agreement dated September 25, 1957, between Martin Rourk and Elise Cormier Rourk, his wife, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 290932, Book W-16, Page 455, crossing Grantor's lands in Section 1, Township 9 South, Range 2 East and in Section 6, Township 9 South,

Range 3 East, and shown on plat annexed to the agreement.

F-32. Right of Way Agreement dated September 26, 1957, between Arthur Cormier, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 290928, Book W-16, Page 444, crossing Grantor's 11 acre tract in Section 1, Township 9 South, Range 2, East.

F-33. Right of Way Agreement dated September 24, 1957, between Aristile Cormier, et al, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 291339, Book Y-16, Page 76, crossing Grantor's 21 acre tract and 23 acre tract in Sections 1 and 12, Township 9 South, Range 2 East.

F-34. Right of Way Agreement dated September 26, 1957, between Lawrence Rivette, et al, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 290927, Book W-16, Page 442, crossing Grantor's 21 acre tract in Sections 1 and 12, Township 9 South, Range 2 East.

F-35. Right of Way Agreement dated September 25, 1957, between Thelice Gaspard, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 290925, Book W-16, Page 437, crossing Grantor's 40 acre tract in Sections 3 and 12, Township 9 South, Range 2 East.

F-36. Right of Way Agreement dated September 27, 1957, between Elton A. Arceneaux, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 290926, Book W-16, Page 440, crossing Grantor's 55 acre tract in Section 11, Township 9 South, Range 2 East.

F-37. Right of Way Agreement dated September 28, 1957, between Waddy Arceneaux, as Grantor, and Continental Oil Company, as Grantee, recorded under Entry No. 290931, Book W-16, Page 453, crossing Grantor's 28.51

**(A2680)**

acre tract in Section 11, Township 9 South, Range 2 East.  
Leases with ownership:

Sun Oil Company 100%.

G-1. Sun Lease No. 58,816, dated February 4, 1952, between Anaise G. Menard, et al, Lessor, and F. J. Muller, Lessee, recorded under File No. 250794, Book J-11, Page 72, covering and affecting lands described as follows, to-wit:

80 acres of land, more or less, located in Section One (1), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Noah Stelly, Mrs. D. G. Babineaux, Ophey Benoit; East by lands of Mrs. D. G. Babineaux, Marcelus Savoy, Wilson Benoit, Ophey Benoit; South by lands of Piere N. Cormier or assigns, Noah Stelly; West by lands of Allen Faul, Armogene Meche, Mrs. N. Stelly.

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G-2. Sun Lease No. 58,781, dated February 2, 1952, between Wilton Benoit, Lessor, and F. J. Muller, Lessee, recorded under File No. 250634, Book I-11, Page 391, covering and affecting and und. 19/20ths interest in lands described as follows, to-wit:

27 acres of land, more or less, located in Section One (1), Township Nine South, Range Two East, and Section Six (6), Township Nine South, Range Three East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Aug. Martinez, Marcelus Savoy; East by lands of Jas. Cormier, Jr.; South by lands of Ophey Benoit; West by lands of Andrew Menard.

G-3. Sun Lease No. 58,817, dated February 2, 1952, between Amanda Menard, Lessor, and F. J. Muller, Lessee, recorded under File No. 250796, Book J-11, Page 80 covering and affecting an und. 1/20th interest in lands described as follows, to-wit:

27 acres of land, more or less, located in Section One

(1), Township Nine South, Range Two East, and Section Six (6), Township Nine South, Range Three East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Aug. Martinez, Marcelus Savoy; East by lands of Jas. Cormier, Jr.; South by lands of Ophey Benoit; West by lands of Andrew Menard.

G-4. Sun Lease No. 58,776, dated February 2, 1952, between Ophie Benoit, Lessor, and F. J. Muller, Lessee, recorded under File No. 250624, Book I-11, Page 366, covering and affecting lands described as follows, to-wit:

27 acres of land, more or less, located in Section One (1), Township Nine South, Range Two East, and Section Six (6), Township Nine South, Range Three East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Wilson Benoit; East by lands of Jas. Cormier, Jr.; South by lands of Pierre N. Cormier Estate; West by lands of Andrew Menard.

G-5. Sun Lease No. 58,782, dated February 4, 1952, between Louis Cormier, Lessor, and F. J. Muller, Lessee, recorded under File No. 250636, Book I-11, Page 396, and as amended by an instrument dated April 26, 1954, executed by Louis Cormier and recorded under File No.

**(A2681)**

265840, Book K-13, Page 723, covering and affecting lands described as follows, to-wit:

48.5 acres of land, more or less, located in Section One (1), Township Nine South, Range Two East and Section Six (6), Township Nine South, Range Three East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Mrs. Andrew Menard, et al, in part, and in part by Ophely Benoit; East by Laura Cormier Doucet, in part, and in part by Alton and Hilda L. Douget; South by lands of Elise Cormier Rourk, in part, and in part by Arthur Cormier; West by lands of Noah Stelly, in part, and in part by Mrs. Telesmar Blanchard.

G-6. Sun Lease No. 58,783, dated February 4, 1952, between Arthur Cormier, Lessor, and F. J. Muller, Lessee, recorded under File No. 250638, Book I-11, Page 401, and as

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amended by an instrument dated April 2, 1952, executed by Arthur Cormier and recorded under File No. 251708, Book M-11, Page 210, covering and affecting lands described as follows, to-wit:

12 acres of land, more or less, located in Sections One (1), and Twelve (12), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Louis Cormier; East by lands of Elise Cormier Rourk; South by lands of Joel W. Gouldsby and Agnes Belle Foster Estate and West by Telesmare Blanchard.

G-7. Sun Lease No. 60,044, dated December 4, 1952, between Elise Cormier Rourk, Lessor, and F. J. Muller,

Lessee, recorded under File No. 255827, Book A-12, Page 50, as ratified by instrument dated April 26, 1954, executed by Martin Bourk and recorded under File No. 265989, Book L-13, Page 348, covering and affecting lands described as follows, to-wit:

48.5 acres of land, more or less, located in Section One (1), and/or Twelve (12), Township Nine South, Range Two East and Section Six (6), Township Nine South, Range Three East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Louis Cormier; East by lands of Laura Doucet Cormier, Mrs. O. Mier, Houston Blanchard; South by lands of Mrs. O. Mier, Houston Blanchard; West by lands of Arthur Cormier.

G-8. Sun Lease No. 58,780, dated February 2, 1952, between Houston B. Blanchard, Lessor, and F. J. Muller, Lessee, recorded under File No. 250632, Book I-11, Page 386, as amended by instrument dated April 2, 1952, executed by Houston B. Blanchard and recorded under File No. 251707, Book M-11, Page 207, as ratified by instrument dated May 1, 1954, executed by Alicia Roach Blanchard and recorded under File No. 265985, Book L-13, Page 346; as amended by instrument dated November 29, 1954, executed by Houston B. Blanchard and D. C. Ellwood and recorded under File No. 270065, Book Y-13, Page 525, covering and affecting lands described as follows, to-wit:

That certain tract or parcel of land containing Twenty-four and 61/100 (24.61) acres, more or less, situated in Section One (1), Township Nine South, Range Two East, and Section Twelve (12), Township Nine South, Range Two East, Louisiana Meridian, Acadia Parish, Louisiana, bounded as follows, to-wit:



**(A2682)**

North by Elise Cormier Rourk; East by Alfred Latifolais and Eve Cormier; South by Joel W. Goldsby, et al; West by Elise Cormier Rourk and Joel W. Goldsby, et al.

G-9. Sun Lease No. 60,969, dated October 15, 1953, between Henry Arceneaux, Lessor, and F. J. Muller, Lessee, recorded under File No. 261035, Book ....., Page ....., covering and affecting lands described as follows, to-wit:

6 acres of land, more or less, located in Section Twelve (12), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

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On the North by lands of T. Gaspard; East by lands of E. Arceneaux; South by lands of E. Arceneaux; West by lands of Elton Arceneaux.

G-10. Sun Lease No. 60,976, dated October 10, 1953, between Curtis Johnson, Lessor, and F. J. Muller, Lessee, recorded under File No. 260947, Book S-12, Page 14, covering and affecting lands described as follows, to-wit:

74 acres of land, more or less, located in Sections Twelve (12) and Thirteen (13), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Edward Arceneaux, Sidney Broussard; East by lands of Sidney Broussard; Ashton S. Petitjean; South by lands of Ashton S. Petitjean, Emile J. B. Petitjean; Caesar Credeur; West by lands of M. Broussard, Clarence Meche, Alfred Webber.

G-11. Sun Lease No. 65,079, dated January 10, 1958, between Louis Cormier, Lessor, and Sun Oil Company, Lessee, recorded under File No. 293164, Book D-17, Page

708, covering and affecting lands described as follows, to-wit:

42.37 acres of land, more or less, located in Section Thirteen (13), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Sidney Broussard, Joel M. Gouldsby, et al; East by lands of A. Cormier; South by lands of Aristille Cormier, Ashton S. Petitjean, et al; West by lands of Ashton S. Petitjean, et al, Sidney Broussard.

G-12. Sun Lease No. 60,970, dated October 9, 1953, between Clarence Meche, Lessor, and F. J. Muller, Lessee, recorded under File No. 260951, Book S-12, Page 29, covering and affecting lands described as follows, to-wit:

60 acres of land, more or less, located in Section Fourteen (14), Township Nine South, Range 2 East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Alfred Weber and D. Dupuis; East by lands of Curtis Johnson; South by lands of M. Broussard; West by lands of Mrs. T. Petitjean.

G-13. Sun Lease No. 59,985, dated November 14, 1952, between John Bearb, et ux, Lessor, and Sun Oil Company, Lessee, recorded under File No. 255477, Book Y-11, Page 526, covering and affecting lands described as follows, insofar but only insofar as said lease covers 16 acres, to-wit:

16 acres of land, more or less, located in Section Fourteen (14), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Gerard Mouton, Zephérine Breaux; East by lands of Mrs. Theophile

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Petitjean; South by lands of Mrs. Theophile Petitjean; West by lands of M. Petitjean.

G-14. Sun Lease No. 58,778, dated February 1, 1952, between Waddy Arceneaux, Lessor, and F. J. Muller, Lessee, recorded under File No. 250628, Book I-11, Page 376, and as amended by instrument dated December 1, 1954, executed by Waddy Arceneaux and Sun Oil Company and recorded under File No. 270093, Book Y-13, Page 739, and as

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amended by instrument dated February 1, 1958, executed by Waddy Arceneaux and Sun Oil Company and recorded under File No. 294575, Book J-17, Page 11, covering and affecting lands as follows, insofar but only insofar as said lease covers 84.628 acres, to-wit:

1. 34.552 acres of land, more or less, located in Section Forty-one (41) and Forty-two (42), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the Northwest by P. H. Habetz, Rayne Land Company, Inc., Widow and Heirs of Robert J. Braquet, cemetery property, and Jean C. Prejean; on the Northeast by Jean C. Prejean, widow and Heirs of Derman Petitjean and Bayou Wikoff; on the Southeast by Bayou Wikoff; and on the Southwest by P. H. Habetz, Rayne Land Company, Inc., Widow and Heirs of Robert J. Braquet, cemetery property, and Jean C. Prejean.

2. 50.076 acres of land, more or less, located in Sections Forty-two (42) and Forty-three (43), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the Northwest by the Widow and Heirs of Jean Benoit, and Adam Dugas; on the Northeast by Widow and Heirs of Jean Benoit and Heirs of Robert Castille (formerly property of Numa Arceneaux); on the Southeast by other land of lessor not herein leased, Bayou Wikoff, and Edward Arceneaux; and on the Southwest by Edward Arceneaux and Widow and Heirs of Dernas Petitjean.

G-15. Sun Lease No. 58,808, dated February 13, 1952, between Leonce Breaux, Lessor, and F. J. Muller, Lessee, recorded under File No. 250785, Book J-11, Page 46, covering and affecting lands described as follows, insofar but only insofar as said lease covers 4.4 acres, to-wit:

4.4 acres of land, more or less, located in Section Forty-three (43), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North by lands of Basil Sonnier; East by lands of Bayou Wikoff and or G. Mouton; South by lands of G. Mouton, M. Petitjean, L. M. Castille, D. Mouton; West by lands of W. Arceneaux.

G-16. Sun Lease No. 59,290, dated March 27, 1952, between Basil Sonnier, Lessor, and Albert D. Miller, Lessee, recorded under File No. 252328, Book S-11, Page 382, as ratified by instrument dated May 3, 1956, executed by Basil Sonnier and recorded under File No. 281079, Book M-15, Page 388; and as amended by instrument dated January 18, 1957, executed by Basil Sonnier and Sun Oil Company and recorded under File No. 286671, Book G-16, Page 457, covering and affecting lands described as follows, insofar but only insofar as said lease covers 125 acres, to-wit:

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A certain tract of land containing 125 acres, more or less, located in Sections forty-three (43) and forty-four (44), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows:

Northwest by N. J. Gossen, William Gossen, Della Petitjean Gossen, and possibly by Adam Dugas; Northeast by Whitney Brasseaux and Bayou Wikoff; Southeast by Bayou Wikoff, Lize Mire, Waddy Arceneaux and Lear Benoit; Southwest by Lear Benoit, Adam Dugas, Lize Mire, and possibly Waddy Arceneaux.

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**SAVE AND EXCEPT** a certain tract of land lying in Irregular Section Forty-three (43), Township Nine South, Range Two East, Acadia Parish, Louisiana, containing 16.57 acres, more or less and being more particularly described as follows: Beginning at a point on the East line of Section 43, Township Nine South, Range Two East, said point being N 35° 34' W 2101.3 feet from the Southeast Corner of said Section 43. Thence South 1250.3 feet, N 36° 06' W 1119.4 feet, S 53° 53' W 550.4 feet, N. 36° 06' W 218.9 feet, N 54° 40' E 1287.6 feet to the East line of said Section 43. Thence with the East line of said Section 43, S 35° 34' E 310.4 feet to the point of beginning.

G-17. Sun Lease No. 64,242, dated February 21, 1957, between Whitney Brasseaux, Lessor, and Sun Oil Company, Lessee, recorded under File No. 286842, Book H-16, Page 158, covering and affecting lands as follows, to-wit:

A certain tract of land containing 35.93 acres, more or less, lying in Section Fifty-four (54), Township Eight South, Range Two East, and in Section Forty-

four (44), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the Northeast by Amatile Lacombe, et al, on the Southeast by Amatile Lacombe, et al, and Bayou Wikoff, on the Southwest by Basil Sonnier and Louetta G. Buteaud, et al (formerly Dernas Petitjean) and on the Northwest by Roy Andrus, Amatile Lacombe, et al, and Louette G. Buteaud, et al (formerly Dernas Petitjean).

G-18. Sun Lease No. 64,257, dated March 1, 1957, between Claude Cahanan, et al, Lessor, and Sun Oil Company, Lessee, recorded under File No. 286944, Book H-16, Page 587; and lease dated February 27, 1959, from Amatile Lacombe et al to Sun Oil Company, recorded under file No. ...., covering and affecting lands described as follows, to-wit:

A certain tract of land containing 17.6 acres, more or less, lying in Section Fifty-four (54), Township Eight South, Range Two East, and in Section Forty-four (44), Township Nine South, Range Two East, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the Northeast by Marcial Broussard and Estate of Aurelien Cormier; on the Southeast by Bayou Wikoff and Whitney Brasseaux; on the Southwest by Whitney Brasseaux; on the Northwest by Whitney Brasseaux and Roy Andrus.

G-19. Sun Lease No. 61,260, dated January 2, 1954, between Stamm-Raymond, Inc., Lessor, and Sun Oil Company, Lessee, recorded under File No. 263978, Book D-13, Page 248, covering and affecting an Und.  $\frac{1}{2}$  interest insofar and only insofar as said lease covers the following described lands, to-wit:

A certain tract of land situated in Section One (1), Township Nine South, Range Two East, Louisiana



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Meridian, Acadia Parish, Louisiana, containing 40 acres, more or less, and bounded as follows, to-wit:

On the North by lands of Nelson Stelly; on the South by lands of Allen J. Faul; on the East by lands of Nelson Stelly, Andre Menard Estate; on the West by Marie B. Cormier and Dupreville Cormier.

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G-20. Sun Lease No. 64,160, dated December 28, 1956, between Dumas Cormier, Lessor, and Sun Oil Company, Lessee, recorded under File No. 285935, Book E-16, Page 44, covering and affecting lands described as follows, to-wit:

A certain tract of land containing 47.55 acres, more or less, located in Sections Three (3), Forty-Six (46) and possibly in Section Forty-Four (44), Township Nine South, Range Two East, Acadia Parish, Louisiana, and bounded as follows, to-wit:

On the North by Roy Andrus, Aurelien Cormier Estate, Joseph Lantier, Whitney Brasseaux, Isaac Melancon; East by Isaac Melancon; South by Ovey Arceneaux, Pierre Nema Cormier, Moise Arceneaux; West by Bayou Wikoff, Pierre Numa Cormier, Moise Arceneaux; said tract of land being being more accurately described as Lots Nos. 3-A, 4-A, 5-A, 3-B, 4-B, 5-B of the Act of Partition by the Heirs of Gustave Cahanan, dated February 7, 1939, and recorded in Conveyance Book K-6, Pages 283, et seq., File No. 148384 of the Records of Acadia Parish, Louisiana, and shown particularly on the Plat or Survey made by F. S. Roberts, C. E., dated February 7, 1939, and attached to said Act of Partition.

G-21. Sun Lease No. 64,719, dated March 27, 1957, between Basil Sonnier, Lessor, and Sun Oil company, Lessee, recorded under File No. 290296, Book U-16, Page 228, covering and affecting lands in Acadia Parish, Louisiana, described as follows, to-wit:

A certain tract of land containing 8.60 acres, more or less, lying in Section Forty-Three (43), Township Nine South, Range Two East, and being more particularly described as follows, to-wit:

Beginning at a point on the Northeast Line of Irregular Section 43, Township Nine South, Range Two East, said point being N. 35° 34' W 2101.3 feet from the intersection of the Northeast line of said Section 43 and the West Bank of Bayou Wikoff; Thence S 54° 26' W 736.7 feet, S. 36° 06' E. 1017.1 feet, North 1250.3 feet to the place of beginning, and containing 8.60 acres, more or less.

G-22. Sun Lease No. 58,809, dated February 12, 1952 between Adolph Petitjean et al, Lessor, and F. J. Muller, Lessee, recorded under File No. 250787, Book J-11, Page 51, as amended on December 21, 1954, by Florence Petitjean Hoffpauir, recorded under File No. 270873 in Book C-14, Page 386; as amended on January 4, 1955 by Marie Petitjean Thomas et al, recorded under File No. 270872 in Book C-14, Page 383; as amended on December 15, 1954 by Martin Petitjean, recorded under File No. 270871 in Book C-14, Page 381, and as amended on February 15, 1957 by Adolph Petitjean et al, recorded under File No. 289793 in Book ....., Page ....., insofar but only insofar as said lease covers 2.26 acres of land in Acadia Parish, Louisiana described as follows, to-wit:

2.26 acres located in Section Fourteen (14), Township 9 South, Range 2 East, which is included within the confines of the Elton Arceneaux No. 1 Unit estab-

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lished by the Department of Conservation Order No. 307-D, effective October 1, 1957 and being bounded as follows, to-wit: On the North by lands of Leonce Breaux and Waddy Arceneaux; on the East by Clarence Meche; on the South by the lands of Adolph Petitjean et al; on the West by John Bearb and other lands of Adolph Petitjean et al.

G-23. Sun Lease No. 65,427, dated June 3, 1958, but effective February 12, 1959, between Adolph Petitjean, et al, Lessor, and Continental Oil Company, Lessee, recorded

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under File No. 295775, Book ....., Page ....., insofar but only insofar as said lease covers 37.56 acres described as follows, to-wit:

37.56 acres, more or less, located in Irregular Section Fourteen (14), Township Nine South, Range Two East, Acadia Parish, Louisiana, and being more particularly described as follows, to-wit:

Beginning at the Northwest Corner of Irregular Section Fourteen (14); Thence N 88° 58' E 1061.4' to the Northwest Corner of the John Bearb 17.75 acre tract; Thence S 0° 03' E 564.0'; Thence N 88° 58' E 1368.9'; Thence N 0° 20' 30" E 5641.1' to the Northeast Corner of the John Bearb 17.75 acre tract; Thence N 88° 58' E 24.4'; Thence S 65° 01' E 461.75'; Thence S 72° 04' E 276.1' to a point in the west line of the Clarence Meche 59.46 acre tract; Thence S 0° 06' W 1032.4'; Thence S 89° 10' 30" W 676.5'; Thence N 0° 07' 30" W 195.8'; Thence N 88° 11' W 452.0' to the Northwest Corner of Mrs. Emma B. Moore 13.44 acre tract; Thence N 62° 16' 30" W 2295.0' to the place of beginning and containing 37.56 acres, more or less.

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G-24. Sun Lease No. 65,085, dated January 12, 1958, between Gladys Petitjean, et al, Lessor, and Sun Oil Company, Lessee, recorded under File No. 293170, Book D-17, Page 734, insofar and only insofar as said lease covers 28.33 acres described as follows, to-wit:

28.33 acres, more or less, located in Section Thirteen (13), Township Nine South, Range Two East, Acadia Parish, Louisiana, and being more particularly described as follows, to-wit:

Beginning at the northerly Northeast Corner of the Gladys Petitjean 399.83 acre tract; Thence S 0° 10' E 957.7' to the Southwest Corner of the Louis Cormier 42.37 acre tract;

Thence S 89° 21' W 1850.6' to the center line of a drainage canal; Thence with the center line of the drainage canal N 58° 32' E 47.3', N 25° 52' E 75.0', N 10° 25' E 185.0', N 41° 52' E 400.0', N 78° 32' E 240.0', N 73° 51' E 1289.9' to the place of beginning and containing 28.33 acres, more or less.

G-25. Sun Lease No. 63,817, dated May 10, 1956, between Cecelia Guidry Edwards, et al, Lessor, and Sun Oil Company, Lessee, recorded under File No. 283216, Book U-15, Page 196, covering and affecting an Und. 4/5ths interest in lands described as follows, to-wit:

A certain tract of land situated in Section Forty-Four (44) and possibly in Section Forty-six (46), Township Nine South, Range Two East, containing three (3) acres, more or less, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North, South and East by Bayou Wikoff and on the West by Basil Sonnier and Aurelien Cormier. Being the same property acquired by Louis Guidry from A. V. Lyons on November

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28, 1883 by deed recorded under Act No. 22938 in Conveyance Book O-2, Page 379, records of Acadia Parish, Louisiana.

G-26. Sun Lease No. 65,372, dated July 10, 1958, between Rufus Guidry, et al, Lessor, and Sun Oil Company, Lessee, recorded under File No. 297415, Book T-17, Page 481, covering and affecting an Und. 1/10th interest in lands described as follows, to-wit:

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A certain tract of land situated in Section Forty-four (44) and possibly in Section Forty-six (46), Township Nine South, Range Two East, containing three (3) acres, more or less, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North, South and East by Bayou Wikoff and on the West by Basil Sonnier and Aurelien Cormier. Being the same property acquired by Louis Guidry from A. V. Lyons on November 28, 1883 by deed recorded under Act #22938 in Conveyance Book O-2, page 379, records of Acadia Parish, Louisiana.

G-27. Sun Lease No. 65,430, dated July 11, 1958, between Annie Woolridge Harmon, et al, Lessor, and Sun Oil Company, Lessee, recorded under File No. 298374, Book W-17, Page 656, covering and affecting an Und. 1/10th interest in lands described as follows, to-wit:

A certain tract of land situated in Section Forty-four (44) and possibly in Section Forty-six (46), Township Nine South, Range Two East, containing three (3) acres, more or less, Acadia Parish, Louisiana, bounded as follows, to-wit:

On the North, South and East by Bayou Wikoff and on the West by Basil Sonnier and Aurelien

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Cormier. Being the same property acquired by Louis Guidry from A. V. Lyons on November 28, 1883, by deed recorded under Act #22938 in Conveyance Book O-2, Page 379, records of Acadia Parish, Louisiana.

G-28. Sun Lease No. 62,100 dated December 1, 1954, between Waddy Arceneaux, Lessor, and Sun Oil Company, Lessee, recorded under File No. 269941, Book Y-13, Page 262, covering and affecting lands described as follows, to-wit:

*Tract 1.* A certain tract of land situated in Section 43, Township 9 South, Range 2 East, Acadia Parish, Louisiana, containing one and 7/10 (1.7) acres, more or less, and bounded, now or formerly, as follows: On the Northeast by Basile Sonnier and Bayou Wikoff; On the Southeast by Bayou Wikoff; on the Northwest by Basile Sonnier and/or Estate of Jean Benoit; and on the Southwest by Leonce Breaux.

*Tract 2.* A certain tract of land situated in Acadia Parish, Louisiana, lying in Section 43, Township 9 South, Range 2 East, containing five and one-tenth (5.1) acres more or less, and bounded, now or formerly, as follows: On the Northwest by other land of lessor not herein leased; On the Northeast by Heirs of Robert Castille (formerly property of Numa Arceneaux) and Bayou Wikoff; On the Southeast and Southwest by Bayou Wikoff.

The above two tracts of land being the same land acquired by Lessor from Martin Petitjean by deed dated June 16, 1948, being Act #209511, Conveyance Book B-9, Page 590, Records of Acadia Parish, Louisiana.



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G-29. Sun Lease No. 65,759, dated January 2, 1959 between Nelda Thibodeaux Sonnier, widow of Basil Sonnier, et al, as Lessors, and Sun Oil Company, as Lessee, recorded under File No. 301306, Book H-18, Page 381, covering and affecting lands described as follows, to-wit:

A certain tract of land situated in Irregular Sections Forty-three and Forty-four (43 & 44), Township Nine (9) South, Range Two (2) East, containing 76.16 acres,

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more or less, and being more particularly described as follows: BEGINNING at the most Northerly corner of the Basil Sonnier 123.11 acre tract in Irregular Sections 43 and 44, T9S, R2E, Acadia Parish, Louisiana; THENCE South 48 deg. 51' West 351.3 feet; South 41 deg. 42' West 1967.7 feet; South 54 deg. 12' West 1287.6 feet to a point for the most Westerly corner of this tract; THENCE South 36 deg. 34' East 218.9 feet, North 53 deg. 25' East 550.4 feet; South 36 deg. 14' East 1124.7 feet; North 0 deg. 28' West 1356.0 feet; North 89 deg. 32' East 1044.3 feet to a point on the right descending bank of Bayou Wikoff; THENCE in an Easterly direction with the right descending bank of Bayou Wikoff to a point that is South 36 deg. 22' East 2061.5 feet from the place of beginning; THENCE North 36 deg. 22' West 2061.5 feet to the place of beginning and containing 76.16 acres, more or less.

The above property is more particularly described as being all of that portion of the Basil Sonnier 123.11 acre tract in Irregular Sections 43 and 44, Township 9 South, Range 2 East, which is not at this date situated within Nodosaria Sand Unit 7, created by Order No. 307 of the Commissioner of Conservation for the State of Louisiana, dated April 19, 1955 and effective from and after May 1, 1955.

Leases affected by the following operating agreements:

1. Operating agreement dated November 5, 1955, between Warren Petroleum Corporation and General Gas Corporation.
2. Operating agreement dated December 19, 1955, between Warren Petroleum Corporation, Sun Oil Company and General Gas Corporation, covering an agreed contract area as to all horizons.
3. Working interest pooling agreement, dated January 13, 1956, amending agreement dated December 19, 1955 referred to above, between Sun Oil Company, Warren Petroleum Corporation and General Gas Corporation pooling the interests of the parties.
4. Amendment to operating agreement and pooling agreement referred to above, dated June 19, 1956, between Sun Oil Company, Warren Petroleum Corporation and General Gas Corporation which corrects the interests of the parties to such agreements.
5. Amendment dated April 16, 1958, as to all of the foregoing operating and pooling agreements between Sun Oil Company, Gulf Oil Corporation and General Gas Corporation, under the terms of which the Contract Area is conformed to the geographical limits of the Klumpp "D" Sand Unit as established by Order 110-E of the Commissioner of Conservation for the State of Louisiana, effective January 1, 1957 (deleting all areas outside the limits of such unit) and fixing the working interests of the parties in such agreement as follows:

Gulf Oil Corporation.....45.8576%

(successor to  
Warren)

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General Gas Corporation.....36.9177%  
Sun Oil Company.....17.2247%

Annexed hereto as Attachment 1 and made a part hereof for full particulars, is a plat on which the described tracts covered by the leases next following under Numbers 1-16, inclusive, are identified and better shown. The parties understand and agree that insofar,

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but only insofar, as the tracts described under the leases next following under Numbers 1-16, inclusive, (which tracts are more fully shown and numbered on the plat annexed hereto as Attachment 1) cover and affect any shaded area identified and shown on the said plat, the assignment and conveyance shall be less and except, and Grantors reserve, all rights they or any of them have, (in addition to the reservations set out in the body of the assignment and conveyance) in such leasehold rights to said leases covering tracts on the shaded area from the surface of the ground to a depth of 12,000 feet subsurface:

H-1. Continental Lease No. 88822 from Eddie Melancon, et ux, as Lessor, to Charles R. Houssiere, Jr., as Lessee, dated December 9, 1953, recorded under Entry No. 262362, Book X-12, Page 69, covering the following described lands, but insofar and only insofar as said lease covers 24.79 acres and being Tract No. 22 shown on the plat:

That certain tract of land containing 25 acres, more or less, located in Section 45, Township 9 South, Range 2 East, Acadia Parish, Louisiana and being further described as bounded by land now or formerly owned as follows:

Northeast by Lezie Comeaux, Southeast by D. Cormier, Southwest by E. M. Tanner, and Northwest by Jaques Melancon.

H-2. Continental Lease No. 88823 from William Meche et al, as Lessor, to Charles R. Houssiere, Jr., as Lessee, dated December 9, 1953, recorded under Entry No. 262709, Book Y-12, Page 292, covering the following described lands, in Acadia Parish, Louisiana, but insofar and only insofar as said lease covers 38.68 acres and being Tracts 1 and 4 shown on the plat:

120 acres of land, more or less, situated in Section 61, Township 8 South, Range 2 East, Louisiana Meridian, and Section 45, Township 9 South, Range 2 East, Louisiana Meridian, and more fully described as follows:

Bounded on the North by Amede Meaux, or assigns, and Howard E. Bruner et al, on South by Telesphore Thibodeaux, Reo Mire, and E. M. Tanner, on East by Rousseau Mouton, and on West by Bayou Wikoff. Also:

8 acres of land, more or less, situated in Section 61, Township 8 South, Range 2 East, Louisiana Meridian, and more fully described as follows:

Bounded on North by E. M. Tanner, on East by Theogene Melancon, on South by Emile Navarre, on West by Emile Navarre;

Less and except that portion of the above described property which is included in and forms a part of Unit "E" as created by Louisiana Department of Conservation in Order No. 110-A; said Order being recorded in Conveyance Book J-8, Page 396, under Entry No. 199554 of the Records of Acadia Parish, Louisiana.

H-3. Continental Lease No. 88824 from Agnes Richard Tanner, as Lessor, to Charles R. Houssiere, Jr., as Lessee, dated December 9, 1953, recorded under Entry No. 262355,

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Book X-12, Page 44, covering the following described lands, but insofar and only insofar as said lease covers 11.91 acres, and being Tract No. 2 shown on the plat:

18.75 acres more or less located in Sections 61, Township 8 South, Range 2 East, and Section 45, Township 9 South, Range 2 East, Acadia Parish, Louisiana, bounded now or formerly as follows:

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Northeast by François Thibodeaux Estate, Onezime Melancon, William Meche, Rousseau Mouton, Jacques Melancon, and Eddie Melancon, Southeast by Marie B. Cormier, Southwest by Theogene Melancon, Alex Boullion, Telesmar Blanchard, William Meche, Marcial Roach, Dormas Sonnier, and on the Northwest by Bayou Wikoff.

H-4. (a) Continental Lease No. 88825 from Ethel Melancon et al, as Lessors, to Charles R. Houssiere, Jr., as Lessee, dated December 9, 1953, recorded under Entry No. 262356, Book X-12, Page 48, covering the following described lands, in Acadia Parish, Louisiana, being 34.82 acres and being Tracts 5 and 8 shown on the plat:

Being 40 acres more or less located in Section 61, Township 8 South, Range 2 East, and Section 43, Township 9 South, Range 2 East, and being further described as being Lots 9 and 10 of the Northwestern half of the Roach Subdivision, and Lot 1 of the Southeastern half of the said Roach Subdivision, as further described;

Northeast by E. M. Tanner, Southeast by Telesmar Blanchard, Southwest by Emile Navarre, and on the Northwest by Wm. Meche; and Lots 4, 5, 6, 7, 8, 9, and 10, of the Southeastern half of the said Roach Subdivision, as further described;

Northeast by E. M. Tanner, Southeast by Marie B. Cormier, Southwest by Emile Navarre, and on the Northwest by Mrs. Alex Boullion.

(b) Lease from James Russell Melancon, et al, as Lessors, to Charles R. Houssiere, Jr., as Lessee, dated January 5, 1954, recorded under Entry No. 262916, covering the following described lands, in Acadia Parish, Louisiana, 34.82 acres and being Tracts 5 and 8 shown on the plat:

Tract No. 1: A certain tract of land situated in Section Forty-five, Township Nine South, Range Two East (Sec. 45, T.9S., R.2E.), Acadia Parish, Louisiana, containing Thirty (30) acres, more or less, bounded, now or formerly, North by E. M. Tanner and Alex Boullion, South by Marie Broussard Cormier and Emile Navarre, Broussard Cormier and West by Alex Boullion Emile Navarre. (Note: This tract of land is possibly partly in Section 61, T.8S., R.2E.)

Tract No. 2: A certain tract of land situated in Section Sixty-one, Township Eight South, Range Two East (Sec. 61, T.8S., R.2E.), Acadia Parish, Louisiana, containing Ten (10) acres, more or less, bounded, now, or formerly, North by E. M. Tanner and William Meche, South by Telesmar Blanchard and Emile Navarre, East by E. M. Tanner and Telesmar Blanchard and West by William Meche and Emile Navarre.

H-5. Continental Lease No. 88826 from Mrs. Ozia Roach Boullion, as Lessor, to Charles R. Houssiere, Jr., as Lessee, dated December 9, 1953, recorded under Entry No. 262363, Book X-12, Page 73, covering the following described lands, in Acadia Parish, Louisiana, being 3.48 acres and being Tract No. 7 shown on the plat:

3.4 acres, more or less, located in Section 61, Township 8 South, Range 2 East, and Section 45, Township



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9 South, Range 2 East, and being Lot #3 of the Southeastern half of the Roach Subdivision, as further described:

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Northeast by E. W. Tanner, Northwest by Telesmar Blanchard, Southeast by Theogene Melancon, and on the Southwest by Emile Navarre.

H-6. Continental Lease No. 88827 from Alicia Roach Blanchard, as Lessor, to Charles R. Houssiere, Jr., as Lessee, dated December 9, 1953, recorded under Entry No. 262354, Book X-12, Page 41, covering the following described lands, in Acadia Parish, Louisiana, being 3.48 acres and being Tract No. 6 shown on the plat:

3.4 acres, more or less, located in Section 61, Township 8 South, Range 2 East, and being Lot #2 of the Southeastern half of the Roach Subdivision, of said Section, as further described:

Northeast by E. M. Tanner, Southeast by Mrs. Alex Boullion, Southwest by Emile Navarre, and on the Northwest by Theogene Melancon.

H-7. Continental Lease No. 88828 from Marie Guidry Navarre et al, as Lessor, to Charles R. Houssiere, Jr., as Lessee, dated December 9, 1953, recorded under Entry No. 262918, Book Z-12, Page 183, as amended by Act of Correction dated December 9, 1953, recorded under Entry No. 273738, Book M-14, Page 333, covering the following described lands, but insofar and only insofar as said lease covers 59.79 acres in Acadia Parish, Louisiana, and being Tract No. 9 shown on the plat:

86 acres, more or less, situated in Section 61, Township 8 South, Range 2 East, and Section 45, Town-

ship 9 South, Range 2 East, and being further described as being bounded now or formerly as follows:

Northeast by Marcila Roach, Dermas Sonnier, E. M. Tanner, Wm. Meche, Theogene Melancon, Telesmar Blanchard, and Mrs. Alex Boullion, Southeast by Ovey Arceneaux, Isaac Melancon, and Bayou Wikoff, and on the Northwest by Bayou Wikoff, less and except the following described lands, insofar and only insofar as said lease and lands relate and affect the Homeseekers "E" Sand:

That certain tract of land consisting of .27 acre described in the above oil, gas and mineral lease, which is included and embraced within the confines of Homeseekers "E" Sand Unit No. 2, Rayne Field, as established by Order 307-A of the Commissioner of Conservation for the State of Louisiana, effective March 1, 1956, recorded as Original No. 279582, Conveyance Records, Acadia Parish, Louisiana.

H-8. Continental Lease No. 88829 from Isaac Melancon et al, as Lessor, to Charles R. Houssiere, Jr., as Lessee, dated December 9, 1953, recorded under Entry No. 262361, Book X-12, Page 65, covering the following described lands, but insofar and only insofar as said lease covers 67.60 acres, and being Tracts Nos. 10, 11 and 12, and insofar as said lease covers 13.24 acres, in Acadia Parish, Louisiana and being Tract No. 23, all shown on the plat:

56.78 acres, more or less, situated in Section 62, T8S, R2E, and Sections 3 and 46, T9S, R2E, bounded now or formerly as follows: NE by Emile Navarre, Ovey Arceneaux, Mrs. B. Seaux, SE by Ovey Arceneaux, Mrs. B. Seaux and Emile Cormier, SW by Emile Cor-

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mier, Gustave Cahanan and Ovey Arceneaux, and NW by Ovey Arceneaux and G. Benoit, and Bayou Wikoff. Also on SW, by Bayou Wikoff.

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14.92 acres situated in Section 46, T9S, R2E, bounded now or formerly as follows: NE by Est. of Mervine Kahn and Ovey Arceneaux, SE by Gustave Cahanan and Renia Cahanan, SW by Gustave Cahanan and Bayou Wikoff, and NW by Bayou Wikoff.

3 acres, more or less, situated in Section 46, T9S, R2E, bounded now or formerly as follows: North by Ovey Arceneaux, East by Gully, South and West by lands of Isaac Melancon, leased herein.

H-9. Continental Lease No. 88830 from Felix Castille, as Lessor, to Charles R. Houssiere, Jr. as Lessee, dated December 9, 1953, recorded under Entry No. 262711, Book Y-12, Page 301, covering the following described lands in Acadia Parish, Louisiana, being 2.08 acres and being Tract 11 shown on the plat:

3 acres, more or less, located in Section 45, Township 9 South, Range 2 East, generally being bounded by lands now or formerly as follows:

Northeast by Gravel Road, Southeast by lands of Felix Castille, Southwest by lands of Isaac Melancon.

H-10. Continental Lease No. 88830 from Ella Seaux et al, as Lessor, to Warren Petroleum Corporation, as Lessee, dated September 27, 1955, recorded in Book U-14, Page 701; and

Lease from Bertrand Seaux et al, as Lessor, to Warren Petroleum Corporation as Lessee, dated October 4, 1955, recorded in Book U-14, Page 705; and

Lease from Doris Lavergne Seaux et al, as Lessor, to Warren Petroleum Corporation, as Lessee, dated October 4, 1955, recorded in Book W-14, Page 475; and

Lease from Doris Lavergne Seaux, Natural Tutrix for the minors, Regis Antoine, Frances, Mae Joyce; and Annie Joyce Seaux, as Lessor, to Warren Petroleum Corporation, as Lessee, dated October 29, 1955, recorded in Book X-14, Page 380; and

Lease from Dudley G. Seaux, as Lessor, to Warren Petroleum Corporation, as Lessee, dated October 4, 1955, recorded in Book X-14, Page 401; and

Lease from Leeman Seaux, as Lessor, to Warren Petroleum Corporation, as Lessee, dated November 25, 1955, recorded in Book Z-14, Page 313, covering the following described lands being 7.71 acres, in Acadia Parish, Louisiana, and being Tracts Nos. 11 and 12 shown on the plat:

Tract No. 1: 1.6 acres, more or less, situated in Section 46, Township 9 South, Range 2 East, being bounded now or formerly as follows: Northeast by Emile Navarre heirs; Northwest by Ovey Arceneaux; Southwest by Ovey Arceneaux; and Southeast by Felix Castille (formerly Emile Cormier).

Tract No. 2: 5.2 acres, more or less, situated in Section 46, Township 9 South, Range 2 East, being bounded now or formerly as follows: Northeast by Ovey Arceneaux; Northwest by Isaac Melancon; Southwest by Isaac Melancon; and Southeast by Felix Castille (formerly Emile Cormier).

H-11-(a) Continental Lease No. 88831 from Amy Beard Thibodeaux et al, as Lessor, to Warren Petroleum Corporation, as Lessee, dated November 4, 1955, recorded under Entry No. 277170, Book X-14, Page 735; and

Lease from Dupre Courville et al, as Lessor, to Warren Petroleum Corporation, as Lessee, dated November 4,

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1955, recorded under Entry No. 277168, Book X-14, Page 725; and

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Lease from Emar Richard et al, as Lessor, to Warren Petroleum Corporation, as Lessee, dated November 4, 1955, recorded under Entry No. 277169, Book X-14, Page 730; and

Lease from L. Lee Welch, Natural Tutor of the minor, Patricia Ann Welch, as Lessor, to Warren Petroleum Corporation, as Lessee, dated February 2, 1956, recorded under Entry No. 279191, Book F-15, Page 286; and

Lease from Emar Duplechain, as Lessor, to Warren Petroleum Corporation, as Lessee, dated May 25, 1956, recorded under Entry No. 282007, Book Q-15, Page 260; and

Lease from John B. Duplechain et al, as Lessor, to Warren Petroleum Corporation as Lessee dated January 3, 1957, recorded under Entry No. 286056, Book E-16, Page 296; and

Lease from Daniel Doucet, as Lessor, to Warren Petroleum Corporation, as Lessee, dated February 27, 1957, recorded under Entry No. 287970, Book M-16, Page 196; and

Lease from Forest Bearb et al, as Lessor, to Warren Petroleum Corporation, as Lessee, dated January 19, 1956, recorded under Entry No. 286749, as amended by instrument dated February 26, 1957, recorded under Entry No. 287969, Book M-16, Page 193, covering the following described lands, being 4.23 acres, in Acadia Parish, Louisiana, and being Tract No. 14 shown on the plat:

4.23 acres of land situated in Section 62, Township 8 South, Range 2 East and being bounded now or formerly as follows: On the Northwest by lands of Celestin Lavergne heirs et al, on the Northeast by

J. Ovey Arceneaux, on the Southeast by Noah Stelly and on the Southwest by Mervine Kahn Estate.

H-11-(b) Continental Lease No. 88831 from Clobule Thibodeaux et al, as Lessor, to Clet LeBlanc, as Lessee, dated January 7, 1955, recorded under Entry No. 271186, Book D-14, Page 413, covering the following described lands, being 4.23 acres, in Acadia Parish Louisiana, and being Tract No. 14 shown on the plat:

3.50 acres of land, more or less, situated in Section 62, Township 8 South, Range 2 East, Louisiana Meridian being bounded on the Northwest by lands of Waddy Arceneaux, on the Southeast by lands of Noah Stelly, on the Northeast by lands of Ovey Arceneaux, and on the Southwest by lands of Mervine Kahn, Co., and Bayou Wikoff, etc.

H-11-(c) Continental Lease No. 88832 from Dominic Lavergne, et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated October 15, 1955, recorded under Entry No. 276556, Book V-14, Page 720; and

Lease from Adeffa Lavergne Domingue et al, as Lessor, to Warren Petroleum Corporation, as Lessee, dated October 15, 1955, recorded under Entry No. 276650, Book W-14, Page 201; and

Lease from Olivia Lavergne Veronie et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated October 15, 1955, recorded under Entry No. 276557, Book V-14, Page 724; and

Lease from Annaise Lavergne, as Lessor, to Warren Petroleum Corporation, as Lessee, dated October 15, 1955, recorded under Entry No. 276651, Book W-14, Page 205, covering the following described lands, being 4.23 acres, in Acadia Parish, Louisiana, and being Tract No. 13 shown on the plat:



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Four acres, more or less, situated in Section 62, Township 8 South, Range 2 East, being bounded now or formerly as follows: Northwest by Bayou Wikoff; Southeast by heirs of Francois Thibodeaux; Northeast by J. Ovey Arceneaux and Southwest by Mervine Kahn Estate.

H-11-(d) Continental Lease No. 88832 from Waddy Arceneaux, as Lessor, to Clet LeBlanc et al, as Lessees, dated May 17, 1955, recorded under Entry No. 273212; and Lease from Mrs. Anna Lavergne Thibodeaux et al, as Lessors, to Clet LeBlanc, as Lessee, dated July 13, 1955, recorded under Entry No. 274532, Book W-14, Page 196, covering the following described land, being 4.23 acres, in Arcadia Parish, Louisiana, and being Tract No. 13 shown on the plat:

A certain tract or parcel of land containing five (5) arpents, more or less, situated in Acadia Parish, Louisiana, further described as being in Section 62, Township 8 South, Range 2 East, Louisiana Meridian, bounded now or formerly on the Northwest by Bayou Wikoff, on the Southeast by lands of Francois Thibodeaux Estate, on the Northeast by lands of Ovey Arceneaux, and on the Southwest by lands of Bayou Wikoff.

H-11-(e) Continental Lease No. 88832 from Homer Richard et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated February 22, 1956, recorded under Entry No. 279831, Book H-15, Page 532; and

Lease from Regina Thibodeaux Matte et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated February 23, 1956, recorded under Entry No. 279604, Book H-15, Page 22; and

Lease from Alida Thibodeaux Miller et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated Feb-

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ruary 23, 1956, recorded under Entry No. 279605, Book H-15, Page 25; and

Lease from Eulice LeJeune, et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated February 23, 1956, recorded under Entry No. 279676, Book H-15, Page 186; and

Lease from Emathilde LeJeune Doucet et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated February 22, 1956, recorded under Entry No. 279832, Book H-15, Page 534; and

Lease from Alicia Bellard, Curator, as Lessor, to Warren Petroleum Corporation, as Lessee, dated February 7, 1956, recorded under Entry No. 278772; and

Lease from Palmyre LeJeune Boudreaux, as Lessor, to Warren Petroleum Corporation, as Lessee, dated February 23, 1956, recorded under Entry No. 279950, Book I-15, Page 182; and

Lease from Nora Lee Venable Pommier et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated February 23, 1956, recorded under Entry No. 281930, Book Q-15, Page 90; and

Lease from Gervais J. Venable et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated February 23, 1956, recorded under Entry No. 281933, Book Q-15, Page 99; and

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Lease from Whitney Leger, as Lessor, to Warren Petroleum Corporation, as Lessee, dated June 12, 1956, recorded under Entry No. 281929, Book Q-15, Page 88; and

Lease from Ernest Savoy et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated February 23, 1956, recorded under Entry No. 281932, Book Q-15, Page 96; and

Lease from Sulice Leger et al, as Lessor, to Warren Petroleum Corporation, as Lessee, dated February 22, 1956, recorded under Entry No. 281931, Book Q-15, Page 93; and

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Lease from Alzena Leger Miller et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated February 23, 1956, recorded under Entry No. 281934, Book Q-15, Page 102; and

Lease from Armance Thibodeaux Mouton et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated February 23, 1956, recorded under Entry No. 282289, Book R-15, Page 810; and

Lease from Jessie Savoy, as Lessor, to Warren Petroleum Corporation, as Lessee, dated June 13, 1956, recorded under Entry No. 282351, Book R-15, Page 370; and

Lease from Amire LeJeune Jacobs, as Lessor, to Warren Petroleum Corporation, as Lessee, dated July 31, 1956, recorded under Entry No. 283223, Book U-15, Page 210; and

Lease from Lodis Thibodeaux, as Lessor, to Warren Petroleum Corporation, as Lessee, dated August 1, 1956, recorded under Entry No. 283222, Book U-15, Page 208; and

Lease from Irene Leger LeGros, as Lessor, to Warren Petroleum Corporation as Lessee, dated August 7, 1956, recorded under Entry No. 283570, Book V-15, Page 249; and

Lease from Anna Thibodeaux Hereford, as Lessor, to Warren Petroleum Corporation, as Lessee, dated August 20, 1956, recorded under Entry No. 283851, Book W-15, Page 266; and

Lease from Albert F. Thibodeaux, as Lessor, to Warren Petroleum Corporation, as Lessee, dated October 23, 1956, recorded under Entry No. 284746, Book Z-15, Page 713, which leases described under H-11-(c)-(e) incl., covers the following described land, in Acadia Parish, Louisiana, being 4.23 acres, and being Tract No. 13 shown on the plat:

4.23 acres, more or less, situated in Section 62 of Township 8 South, Range 2 East, and being bounded now or formerly as follows: Northwesternly by Bayou Wikoff, Northeasterly by J. Ovey Arceaux, Southeast-

erly the heirs of Elizabeth Thiboodeaux Duplêchain and Southwesterly by Mervine Kahn Estate.

H-12. Continental lease No. 88832 from Leo E. Kahn et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated July 15, 1955, recorded under Entry No. 275429) Book S-14, Page 340, covering the following described lands, being 8.46 acres, in Acadia Parish, Louisiana, and being Tract No. 17 shown on the plat:

Eight (8) acres of land, more or less, situated in Section 62 of Township 8 South, Range 2 East, and Section 46 of Township 9 South, Range 2 East, and being bounded now or formerly as follows: Northwest by Bayou Wikoff and Roy Regnaud et al,

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Northeast by Isaac Melancon and Southeast by Isaac Melancon and Southwest by Ovey Arcéneaux and Lucien Meche et al, and being the property acquired by Mervine Kahn from Joseph Melancon by Act No. 66873, recorded in Conveyance Book V-3, Page 206, records of Acadia Parish, Louisiana.

H-13. Continental lease No. 88834 from Roy J. Begnaud et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated July 15, 1955, recorded under Entry No. 275676, Book T-14, Page 194, as amended by instrument dated December 27, 1955, recorded under Entry No. 281870 Book..... Page.....; and

Lease from Emela Thibodeaux Savoy et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated November 28, 1955, recorded under Entry No. 277865, Book A-15, Page 401, covering the following described lands, being 4.23 acres, in Acadia Parish, Louisiana, and being Tract No. 16 shown on the plat:

4.23 acres of land, more or less, situated in Section 62, Township 8 South, Range 2 East and Section 46, Township 9 South, Range 2 East, and being bounded now or formerly as follows: On the Northwest by land of Noah Stelly, on the Northeast by land of J. Ovey Arceneaux and Isaac Melancon, on the Southeast by Isaac Melancon and Southwest by Isaac Melancon and Mervine Kahn Estate.

H-14. Continental lease No. 88835 from Lucien Meche et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated June 28, 1955, recorded under Entry No. 274719, Book P-14, Page 683; and

Lease from Elie LeBlanc et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated June 28, 1955, recorded under Entry No. 274721, Book P-14, Page 691; and

Lease from Elodie Meche et al, as Lessors, to Warren Petroleum Corporation, as Lessee, dated October 25, 1955, recorded under Entry No. 276652, Book W-14, Page 208; and

Lease from Clarence Trahan, as Lessor, to Warren Petroleum Corporation, as Lessee, dated January 2, 1957, recorded under Entry No. 291016, Book X-16, Page 15, covering the following described land, being 8.46 acres, in Acadia Parish, Louisiana, and being Tract No. 18 shown on the plat:

Eight (8) acres of land, more or less, situated in Section 62, Township 8 South, Range 2 East, and Section 46, Township 9 South, Range 2 East, and being bounded now or formerly as follows: On the Northeast by lands of Mervine Kahn Company and Isaac Melancon, on the Southeast by lands of Ovey Arceneaux, on the Southwest by lands of Isaac Melancon and on the Northwest by E. Miller Estate and Bayou Wikoff, and being the 10 arpent tract of land inherited by lessors

(and or their ascendants) from Cypien Meche and Margaret Smith Meche.

H-15. Sun Lease No. 59200, dated April 1, 1952, between Noah Stelly, as Lessor, and Albert D. Miller, as Lessee recorded under Entry No. 252073, Book N-11, Page 402, covering the following described lands, being 4.23 acres, in Acadia Parish, Louisiana, and being Tract No. 15 shown on the plat:

A certain tract of land containing 4 acres, more or less, located in Section 62, Township 8 South, Range 2 East, Acadia Parish, Louisiana, bounded as follows,

**A2698**

to-wit: Northeast by Ovey Arceneaux; Southeast by Roy J. Begnaud et al; Southwest by Mervine Kahn Estate; Northwest by Francois Thibodeaux Estate.

H-16. Sun Lease No. 60001, dated November 5, 1952, between J. Ovey Arceneaux et al, as Lessor, and Henry T. Duson, as Lessee, recorded under Entry No. 255716, Book Z-11, Page 424, covering the following described lands, being 52.75 acres, in Acadia Parish, Louisiana, and being Tracts Nos. 19, 20 and 21 shown on the plat:

Twenty (20) acres, more or less, situated in Section Forty-six (46), Township Nine (9) South, Range Two (2) East, Louisiana Meridian, bounded now or formerly as follows: On the Northwest by lands of Mervine Kahn Company; on the Northeast by land of Isaac Melancon; on the Southeast by land of Isaac Melancon; and on the Southwest by land of Isaac Melancon.

Fifteen (15) acres, more or less, situated in Section Forty-six (46), Township Nine (9) South, Range Two



(A2698)

(2) East, Louisiana Meridian, bounded now or formerly as follows: On the Northwest by land of Isaac Melancon; on the Northeast by land of Emile Navarre and Mrs. B. Seaux; on the Southeast by land of Mrs. B. Seaux and of Felix J. Castille; and on the Southwest by land of Mrs. B. Seaux and of Isaac Melancon.

Eight (8) acres, more or less, situated in Section Sixty-two (62), Township (8) South, Range Two (2) East, Louisiana Meridian, bounded now or formerly as follows: On the Northwest by Bayou Wikoff; on the Northeast by land of Emile Navarre; on the Southeast by land of Isaac Melancon, and on the Southwest by land of Roy J. Begnaud et al, Noah Stelly, Francois Thibodeaux and Waddy Arceneaux.

All recording references for the above instruments are to the Conveyance Records of Acadia Parish, Louisiana.

Operating agreements have been entered into that cover and effect certain of the tracts herein described, in addition to operating agreements referred to earlier in this Exhibit "A", as follows:

1. C-7771 — Operating agreement dated June 11, 1953, between Continental Oil Company, Sun Oil Company, M. H. Marr, and General Crude Oil Company for all horizons covering 2700 acres, more or less, in Sections 1, 12, 11, 46, 3, 47, 4, 48 and 20, all in Township 9 South, Range 2 East, Acadia Parish, Louisiana; and amendment thereto dated February 9, 1956 executed by Continental Oil Company et al.
2. C-8919-D — Operating agreement dated August 27, 1956, for Homeseekers "E" Unit No. 2 as formed by Department of Conservation Order No. 307-A.

**(A2699)**

3. C-8919-A — Operating agreement, dated June 14, 1956, for Homeseekers "E" Unit No. 3 as formed by Department of Conservation Order No. 307-A.
4. C-8919-C — Operating agreement, dated June 14, 1956, for Homeseekers "E" Unit No. 4 as formed by Department of Conservation Order No. 307-A.
5. C-8919-B — Operating agreement, dated June 26, 1956, for Homeseekers "E" Unit No. 5 as formed by Department of Conservation Order No. 307-A.

**A2699**

6. C-8598-F — Operating agreement, dated January 3, 1956, and amended by an amendment dated April 8, 1957, for Nodosaria "A" Unit No. 2 as formed by Department of Conservation Order No. 307-b.
7. C-8598-D — Operating agreement, dated December 21, 1955, and amended by an amendment dated April 8, 1957, for Nodosaria "A" Unit No. 3 as formed by Department of Conservation Order No. 307-b.
8. C-8598-B — Operating agreement, dated February 13, 1956, and amended by an amendment dated April 8, 1957, and amended by an amendment dated April 2, 1958, for Nodosaria "A" Unit No. 4 as formed by Department of Conservation Order No. 307-b.
9. C-8598-E — Operating agreement, dated January 13, 1956, and amended by an amendment dated April 8, 1957, for Nodosaria "A" Unit No. 5 as formed by Department of Conservation Order No. 307-b.
10. C-8598-C — Operating agreement, dated February 13, 1956, and amended by an amendment dated April 8, 1957, for Nodosaria "A" Unit No. 6 as formed by Department of Conservation Order No. 307-b.

**(A2699)**

11. C-8598-G — Operating agreement dated May 23, 1956, and amended by an amendment dated April 8, 1957, for Nodosaria "A" Unit No. 7 as formed by Department of Conservation Order No. 307-b.
12. C-8598-A — Operating agreement, dated and effective October 1, 1956, for Nodosaria "A" Unit No. 8 as formed by Department of Conservation Order No. 307-b.
13. C-8498-H — Operating agreement, dated April 1, 1957, for Nodosaria "A" Unit No. 11, as formed by Department of Conservation Order No. 307-b.

Insofar as the Operating Agreements affect lease hold interests assigned and conveyed to Grantee, Grantee has acquired all rights and obligations of Grantors thereunder, and Grantors agree that they are not to receive any notices or information that may be provided or required under the terms and provisions of such agreements.





TO BE USED AS SUBSTITUTE AS ADVISED

WARREN PETROLEUM CORP.  
NORTH RAYNE AREA  
ACADIA PARISH, LA.

SCALE : 1"=600'

OCT. 1, 1955

LETZ ENGINEERS  
Paul & Liz, CE  
LICENSE NO 580

I HEREBY CERTIFY THAT THIS PLAT IS A TRUE AND CORRECT PLAT OF A SURVEY MADE BY ME ON THE GROUND *Paul H. At*

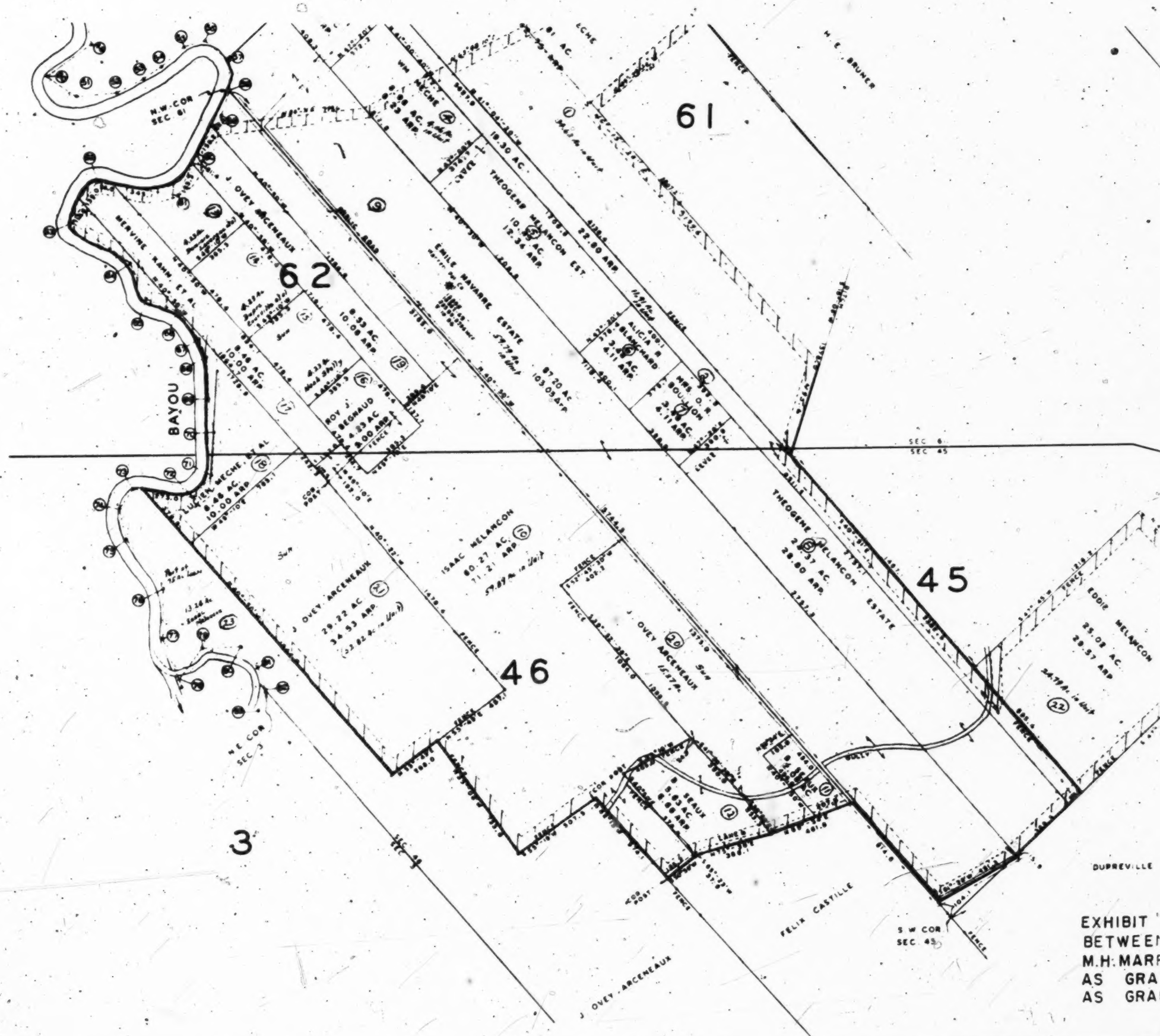
WARRE  
NO

OCT. 1, 19

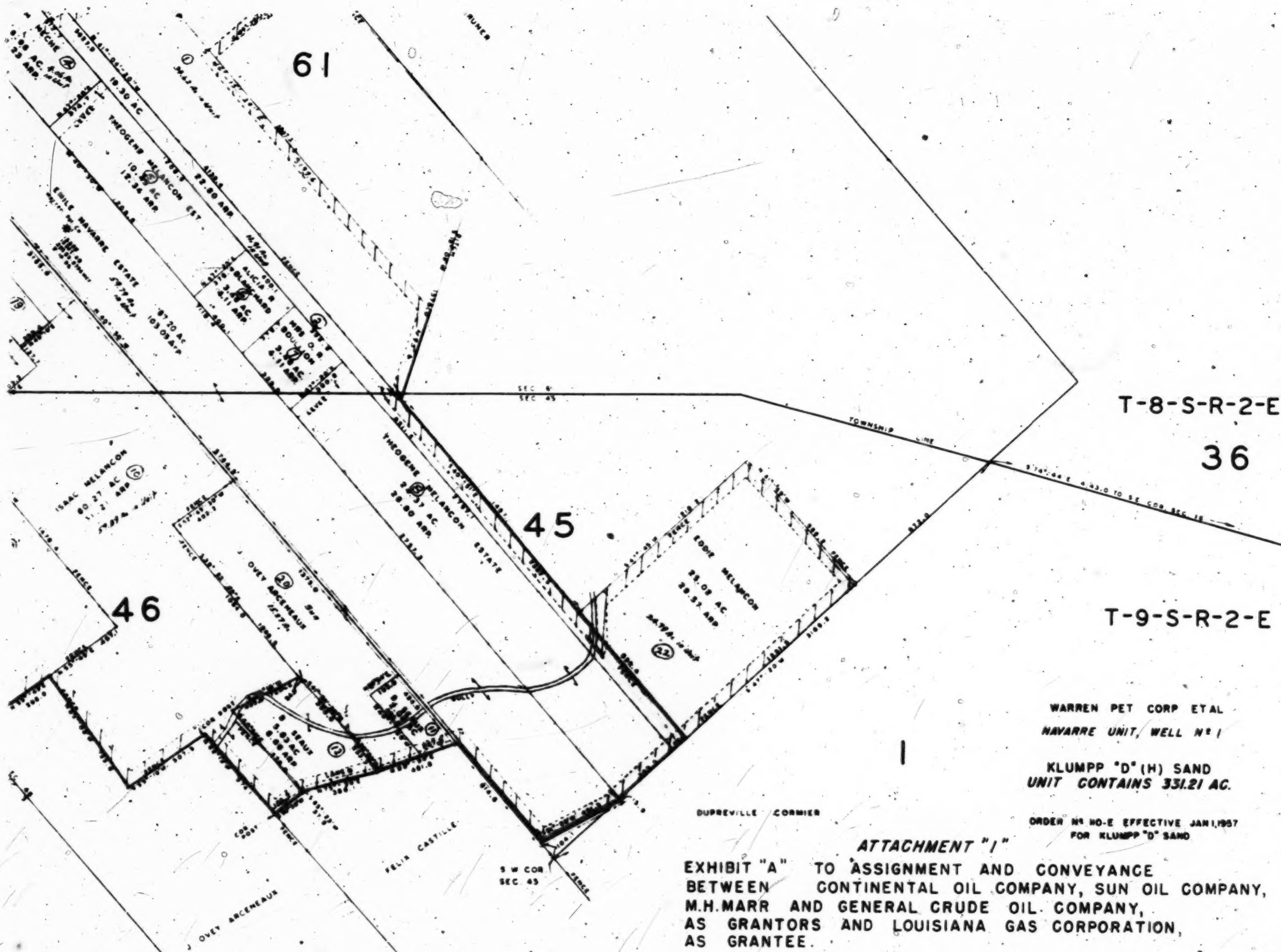
Meanders of Bayou Wikoff

COURSE	BEARING	DIST.
1-2	S 53°-37' W	24.8
2-3	N 57°-04' W	235.1
3-4	N 63°-10' W	180.0
4-5	S 52°-37' W	88.0
5-6	S 61°-01' W	121.0
6-7	S 73°-20' W	100.0
7-8	N 52°-00' W	133.0
8-9	N 70°-07' W	48.0
9-10	S 57°-11' W	66.0
10-11	S 1°-30' W	98.0
11-12	S 37°-32' E	242.6
12-13	S 30°-06' W	154.5
13-14	S 64°-45' W	74.0
14-15	S 63°-30' W	240.0
15-16	S 41°-04' W	90.0
16-17	S 73°-00' W	117.0
17-18	S 70°-32' E	188.8
18-19	S 50°-14' E	275.0
19-20	E 7°-03' W	103.8
20-21	S 43°-00' W	154.0
21-22	S 73°-33' W	300.0
22-23	S 53°-05' W	162.0
23-24	N 73°-17' W	109.0
24-25	N 27°-15' W	268.0
25-26	N 64°-03' W	52.0
26-27	N 60°-03' W	74.7
27-28	N 52°-28' W	83.2
28-29	N 6°-01' W	302.3
29-30	N 33°-51' W	60.0
30-31	N 56°-37' W	81.0
31-32	S 68°-04' W	77.0
32-33	S 46°-24' W	138.0
33-34	S 33°-57' W	105.0
34-35	S 1°-45' E	80.0
35-36	S 30°-10' E	108.8
36-37	S 11°-40' E	242.7
37-38	S 46°-02' E	105.0
38-39	S 61°-10' E	134.3
39-40	S 46°-40' E	220.0
40-41	S 13°-53' W	224.6
41-42	S 33°-48' E	209.0
42-43	S 5°-40' E	81.0
43-44	S 1°-10' E	200.0
44-45	S 40°-40' W	405.0
45-46	S 61°-28' E	200.0
46-47	S 32°-01' E	200.0
47-48	S 60°-00' E	229.7
48-49	S 17°-40' E	181.8
49-50	S 35°-12' W	289.4
50-51	S 55°-22' W	180.0
51-52	N 65°-37' E	212.0
52-53	N 63°-02' E	180.0
53-54	N 57°-30' E	112.1
54-55	N 60°-00' E	180.1
55-56	N 74°-30' E	117.8
56-57	S 60°-30' E	160.0
57-58	S 0°-30' E	120.0
58-59	S 20°-35' W	120.0
59-60	S 33°-01' W	261.8
60-61	S 34°-53' W	264.7
61-62	N 60°-25' W	429.1
62-63	S 31°-31' W	232.8
63-64	S 54°-00' E	377.7
64-65	S 23°-30' E	200.7
65-66	S 67°-55' E	175.8
66-67	S 37°-28' E	189.7
67-68	S 23°-30' E	105.0
68-69	S 2°-25' E	22.0
69-70	S 0°-30' E	79.0
70-71	S 3°-10' W	121.0
71-72	S 45°-50' W	149.0
72-73	N 31°-23' W	321.8
73-74	S 34°-36' W	118.0
74-75	S 13°-40' E	163.0
75-76	S 14°-23' E	324.0

47-48	S 40°-00'E	220.7
48-49	S 11°-40'E	181.8
49-50	S 55°-10'W	200.0
50-51	S 55°-32'E	100.0
51-52	N 85°-27'E	212.0
52-53	N 83°-42'E	100.0
53-54	N 57°-28'E	113.1
54-55	N 48°-08'E	150.1
55-56	N 74°-54'E	117.0
56-57	S 50°-38'E	100.0
57-58	S 0°-20'E	100.0
58-59	S 20°-35'W	120.0
59-60	S 33°-41'W	241.8
60-61	S 24°-52'W	244.7
61-62	N 80°-03'W	439.1
62-63	S 31°-31'W	252.8
63-64	S 54°-14'E	377.7
64-65	S 23°-56'E	200.7
65-66	S 67°-55'E	175.8
66-67	S 37°-28'E	189.7
67-68	S 22°-38'E	105.0
68-69	S 2°-23'E	221.0
69-70	S 8°-36'E	178.0
70-71	S 3°-10'W	231.0
71-72	S 40°-54'W	140.0
72-73	N 81°-22'W	321.0
73-74	S 34°-34'W	130.0
74-75	S 13°-48'E	185.0
75-76	S 38°-23'E	324.0
76-77	S 0°-57'W	269.0
77-78	S 21°-18'E	233.0
78-79	N 36°-57'E	208.0
79-80	N 86°-38'E	207.0
80-81	S 37°-50'E	143.0
81-82	S 17°-08'E	124.8
82-83	S 18°-37'W	110.0





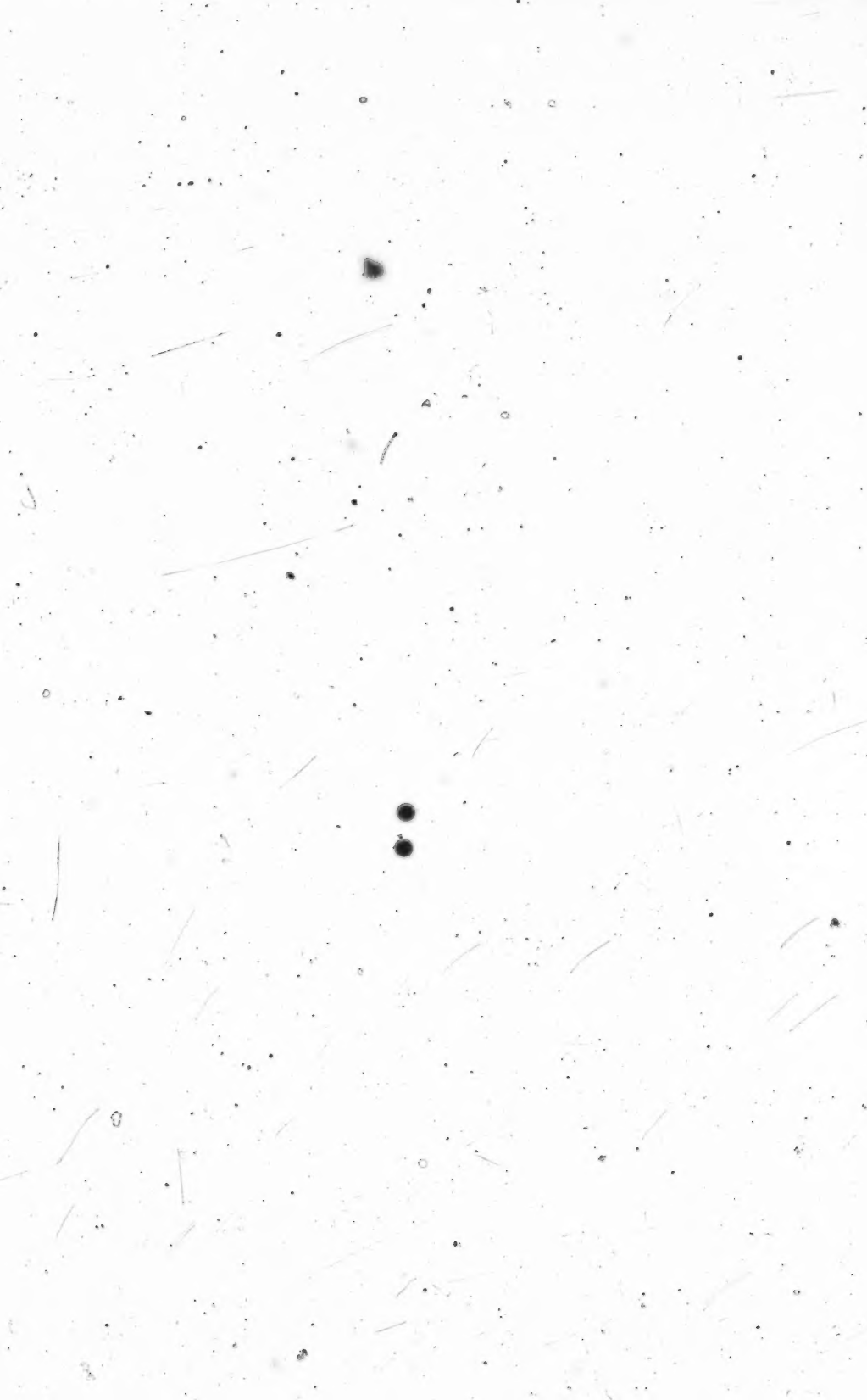


T-8-S-R-2-E  
36

T-9-S-R-2-E

WARREN PET CORP ETAL  
NAVARRE UNIT, WELL N° 1  
  
KLUMPP "D" (H) SAND  
UNIT CONTAINS 331.21 AC.  
  
ORDER N° NO-E EFFECTIVE JAN 1, 1957  
FOR KLUMPP "D" SAND

**ATTACHMENT "I"**  
**EXHIBIT "A" TO ASSIGNMENT AND CONVEYANCE**  
**BETWEEN CONTINENTAL OIL COMPANY, SUN OIL COMPANY,**  
**M.H. MARR AND GENERAL CRUDE OIL COMPANY,**  
**AS GRANTORS AND LOUISIANA GAS CORPORATION,**  
**AS GRANTEE.**



**A2701**

**EXHIBIT "B"**  
**TO**  
**ASSIGNMENT AND CONVEYANCE**  
**RAYNE FIELD**  
**ACADIA PARISH, LOUISIANA**  
**BETWEEN**  
**CONTINENTAL OIL COMPANY ET AL,**  
**AS GRANTORS**  
**AND**  
**LOUISIANA GAS CORPORATION, AS GRANTEE**  
**DATED ....., 1959**

Each month from the proceeds from the sale during such month of 100% of the natural gas liquids produced by the processing plant and attributable to the leasehold interests covered by the Assignment and Conveyance there shall be deducted an amount equal to the sum of the following:

1. The appropriate amount from Table I below plus the appropriate amount from Table II below; plus the amount paid during the month for plant fuel; less \$4,590 per month for each of the first 60 months of plant operation; and
2. All taxes (except State, Federal and other governmental income, excess profits, capital stock, and corporate franchise taxes and taxes of a similar nature or equivalent in effect) borne by such natural gas liquids or applicable to the proceeds from the sale of such natural gas liquids during such month to the extent that such taxes are not chargeable to others; and
3. All amounts payable to owners of royalties and overriding royalties applicable to said leasehold interests with regard to the proceeds from the sale of such natural gas liquids.

(A2701)

The remainder of such proceeds shall be the amount to be paid to Grantors as the owners of the production payment. In making computations for application in Tables I and II all such results shall be rounded off to the nearest full unit of money or quantity set forth in such tables.

**A2702**

**TABLE "I"**

**PER CENT TO GRANTEE OF DOLLAR VALUE OF PROPANE AND BUTANE COMPONENTS OF P.B.C. PRODUCED IN GAS PROCESSING PLANT**

<i>Daily Average Dollar Value of Propane and Butane</i>	<i>Per. Cent of Daily Average Dollar Value to Grantee</i>
Over \$9,000 .....	21.1%
8,750 but not over 9,000 .....	21.6%
8,400 but not over 8,749 .....	21.8%
8,050 but not over 8,399 .....	22.3%
7,700 but not over 8,049 .....	22.9%
7,350 but not over 7,699 .....	23.5%
7,000 but not over 7,349 .....	24.2%
6,650 but not over 6,999 .....	25.0%
6,300 but not over 6,649 .....	25.7%
5,825 but not over 6,299 .....	26.7%
5,360 but not over 5,824 .....	28.3%
4,910 but not over 5,359 .....	30.2%
4,480 but not over 4,909 .....	32.3%
4,060 but not over 4,479 .....	34.7%

<i>Daily Average Dollar Value of Propane and Butane</i>	<i>Per Cent of Daily Average Dollar Value to Grantee</i>
3,660 but not over 4,059 .....	37.6%
3,275 but not over 3,659 .....	40.9%
2,900 but not over 3,274 .....	44.8%
2,540 but not over 2,899 .....	49.7%
2,200 but not over 2,539 .....	55.7%
Less than            ., 2,200 .....	63.0%

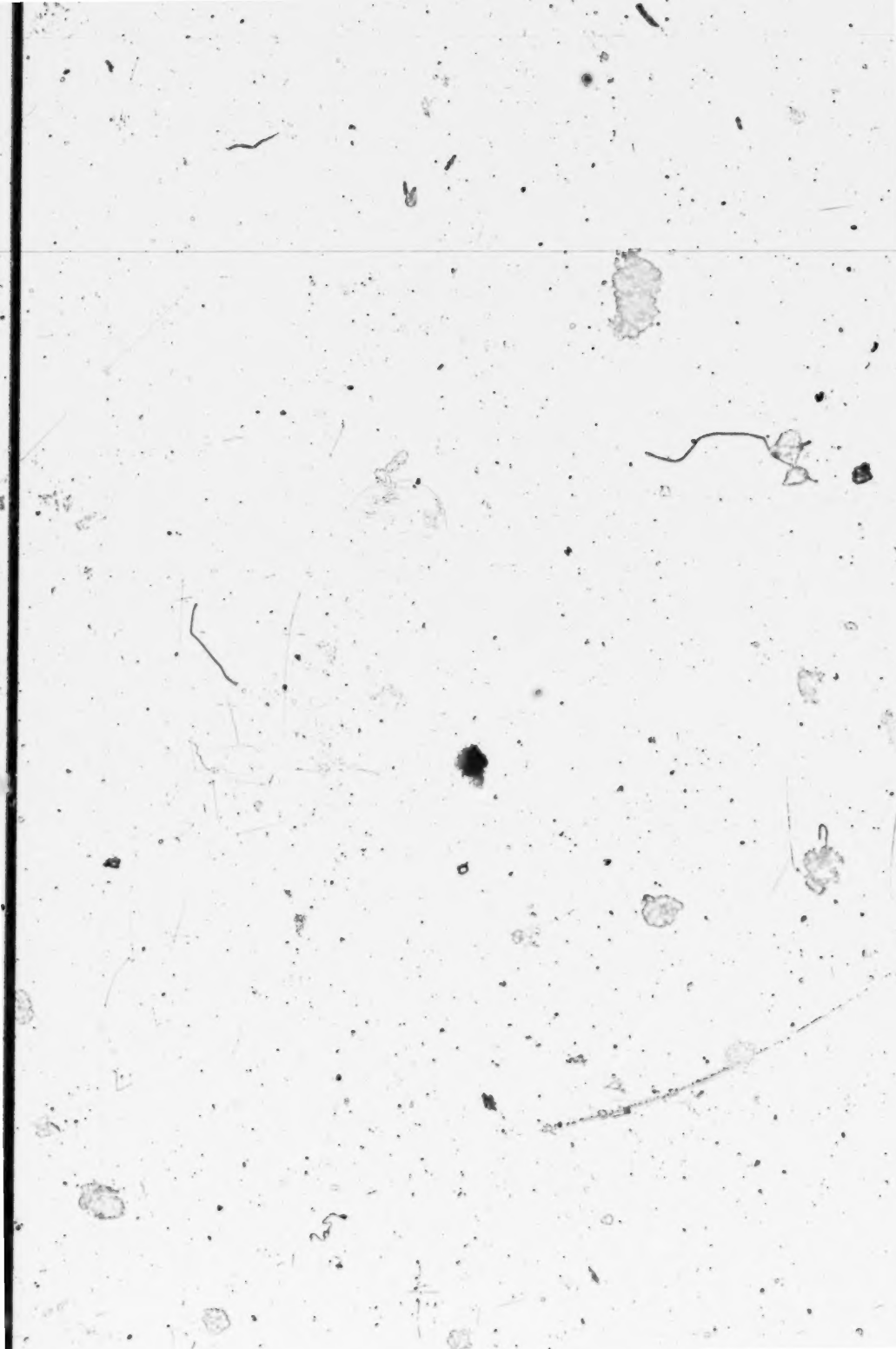
The amount from this Table I shall be determined as follows:

The percentage of propane and butane (iso and normal) in the weighted average composition of the P.B.C. stream for each month determined by analysis shall be multiplied by the total volume of the P.B.C. stream sold to determine the individual volumes of propane and butane (iso and normal) contained in the P.B.C. stream for such month. The value of the propane and butane (iso and normal) components shall be obtained by multiplying the respective calculated volumes of propane and butane (iso and normal) by that portion of the sales price received by Grantee for each such component. The sum of the values of the propane and butane (iso and normal) components of the P. B. C. stream for such month shall be divided by the number of days in such month, and the result will be the "Daily Average Dollar Value of Propane and Butane" for such month to be applied in this Table I. The amount to Grantee from this Table I shall be the product obtained by multiplying the applicable percentage times the "Daily Average Value of Propane and Butane" times the number of days in such month. In the event of a sale of the high ethane content stream, being that gaseous hydrocarbon stream issuing

(A2702)

from the de-ethanizer reflux accumulator after refluxing of the de-ethanizer tower, or the equivalent of the de-ethanizer tower, the daily average value of the high ethane content stream will be added to the "Daily Average Dollar Value of Propane and Butane" for the purpose of determining the amount due Grantee. The daily average value of the high ethane content stream as used herein shall equal the quotient obtained by dividing the gross income for the month from the sale of such stream, less the money value of the BTU equivalent at the price then being paid for plant fuel by the number of days in the month.





A2703

TABLE II

## PER CENT OF THEORETICAL DOLLAR VALUE OF SEPARATOR LIQUIDS TO GRANTEE

Average Daily Value Per Barrel of Separator Liquids	Average Daily Theoretical Volume of Separator Liquids in Barrels												
	10,000 or Greater	9,500 to 9,999	9,000 to 9,499	8,500 to 8,999	8,000 to 8,499	7,500 to 7,999	7,000 to 7,499	6,500 to 6,999	6,000 to 6,499	5,500 to 5,999	5,000 to 5,499	4,500 to 4,999	Less Than 4,500
3.35 Or Greater	2.81	2.94	3.08	3.23	3.40	3.58	3.80	4.05	4.34	4.68	5.08	5.57	6.20
3.25-3.34	2.81	2.94	3.09	3.24	3.41	3.59	3.81	4.05	4.34	4.68	5.08	5.57	6.20
3.15-3.24	2.83	2.96	3.10	3.25	3.41	3.60	3.81	4.05	4.34	4.68	5.08	5.57	6.20
3.05-3.14	2.86	2.98	3.13	3.28	3.44	3.63	3.84	4.08	4.37	4.71	5.11	5.61	6.23
2.95-3.04	2.88	3.01	3.16	3.31	3.47	3.66	3.87	4.12	4.41	4.75	5.15	5.65	6.27
2.85-2.94	2.92	3.06	3.21	3.36	3.53	3.72	3.93	4.18	4.47	4.82	5.23	5.73	6.36
2.75-2.84	2.98	3.11	3.26	3.42	3.59	3.78	4.00	4.25	4.56	4.92	5.34	5.86	6.50
2.65-2.74	3.05	3.18	3.34	3.50	3.68	3.87	4.10	4.35	4.67	5.04	5.47	6.00	6.67
2.55-2.64	3.15	3.28	3.44	3.60	3.77	3.97	4.21	4.48	4.79	5.16	5.61	6.17	6.86
2.45-2.54	3.25	3.40	3.56	3.72	3.90	4.10	4.35	4.63	4.95	5.34	5.80	6.38	7.09
Less than 2.45	3.37	3.52	3.69	3.85	4.04	4.26	4.52	4.82	5.14	5.55	6.02	6.63	7.37

The amount from this Table II shall be determined by multiplying the "Theoretical Volume of Separator Liquids" during the calendar month, as defined in Subparagraph (b) below, by the "Average Daily Value Per Barrel of Separator Liquids" during the calendar month, as defined in Subparagraph (a) below, and then multiplying that product by the proper percentage figure from this Table II.

The row and column in this Table II to be used in obtaining the proper percentage therefrom shall be determined by the computation provided in Subparagraphs (a) and (c) below:

- The "Average Daily Value Per Barrel of Separator Liquids" shall be computed by dividing the gross amount received by Grantee from the sale of separator liquids during the calendar month by the total number of barrels of separator liquids produced and sold during the calendar month.
- The "Theoretical Volume of Separator Liquids" shall be computed by multiplying the total volume of residue gas delivered from the gas processing plant during the calendar month, in millions of cubic feet, by an assumed separator liquid content of 60 barrels per million cubic feet.
- The "Average Daily Theoretical Volume of Separator Liquids in Barrels" shall be computed by dividing the "Theoretical Volume of Separator Liquids" by the number of days in the calendar month.



**A2704****Texas Eastern Transmission Corp.  
Exhibit No. M-14, Docket No. G-12448, Exhibit II****CONVEYANCE**

IN CONSIDERATION of good and valuable cash consideration in hand paid, the adequacy and receipt of which is hereby acknowledged, Louisiana Gas Corporation, a Delaware corporation (herein called "Grantor"), does hereby transfer, assign and convey with full warranty of title unto Texas Eastern Transmission Corporation, a Delaware corporation (herein called "Grantee"), its successors and assigns, the leasehold rights, wells, equipment and all other properties and interests of every kind and character described in and covered by that certain "Assignment and Conveyance" from Continental Oil Company, Sun Oil Company, M. H. Marr and General Crude Oil Company (herein called "Continental et al") to Grantor of even date herewith, which Assignment and Conveyance is attached to this instrument as Exhibit "1," subject, however, to the remaining term and provisions hereof.

The properties and interests conveyed hereby are subject to the following;

(a) The reservations, terms and provisions of the Assignment and Conveyance attached hereto and marked Exhibit "1"; and

(b) Those certain Acts of Mortgage and Pledge of even date herewith covering the properties and interests hereby conveyed, executed by Grantor to secure Continental et al in the payment of certain promissory notes therein described;

and by the execution hereof Grantee acknowledges that the properties and interests hereby conveyed are subject to the foregoing, it being expressly stipulated and agreed

**(A2704)**

that the promissory notes (representing the credit portion of the purchase price for the acquisition by Grantor from Continental et al of the properties covered by the Assignment and Conveyance), the Acts of Mortgage and Pledge securing the payment thereof and the vendor's lien and privilege of Continental et al will continue as burdens on such properties and interests conveyed hereby until the notes are paid in full; provided, however, that Grantee does not assume any personal liability on said notes or agree to pay any deficiencies in the event of foreclosure.

As required by the said Assignment and Conveyance, it is expressly provided that:-

(1) Prior to the time the credit portion of the purchase price for the leasehold rights assigned and conveyed herein is paid in full, the placing of a mortgage, lien or encumbrance is prohibited unless a copy of the proposed mortgage, lien or encumbrance has been furnished to Continental et al and the written approval of Continental et al to such proposed mortgage, lien or encumbrance has been given.

(2) Any assignment or transfer of an interest of Grantee acquired hereunder is expressly prohibited and shall be null and void, unless at least thirty (30) days prior to the closing date of the proposed transfer Continental et al are advised in writing of the name of the proposed purchaser with proof that the sale can be completed and furnished copies of all instruments to be completed with detailed information as to the purchase price and method of payment, in the manner

**A2705**

and to the addresses applicable pursuant to the provisions of said Assignment and Conveyance. Continental et al shall have the preferential right and

option to purchase and acquire such interest, in the proportions of:

Continental Oil Company .....	55.930697%
Sun Oil Company .....	31.669095%
M. H. Marr .....	8.404469%
General Crude Oil Company .....	3.995739%

or in such proportions as any one or more, but less than all, of the parties may elect to acquire such interest, for the consideration and upon the same terms and conditions as that proposed. Unless Continental et al notify Grantee that they, or any one or more of them, for the full interest to be transferred, exercise their preferential option to purchase within fifteen (15) days after receipt of the notice of the proposed sale, the option as to such proposed sale shall be terminated.

A transfer by Grantee, and any subsequent transfer, shall include a provision prohibiting (until the credit portion of the purchase price is paid in full) the placing of a mortgage, lien, or encumbrance on the leasehold interest without the prior approval by Continental et al thereof, and that Continental et al shall have preferential right to purchase from such purchaser, identical with that reserved in the Assignment and Conveyance; and it shall contain a recognition of the vendor's lien and privilege of Continental et al to secure the unpaid portion of the purchase price for the leasehold rights assigned and conveyed to Grantor (which unpaid portion of the purchase price and amount secured by the vendor's lien and privilege of Continental et al on the said leasehold rights on the date of this Conveyance is \$121,975,200) and the fifteen (15) day period that Continental et al have to exercise their preferential right to purchase shall not commence to run unless and until the instruments presented contain such provi-



(A2705)

sions. The preferential right to purchase shall not apply in case of a merger, consolidation, transfer to a subsidiary or parent corporation, or any involuntary transfer thereof required by law where Grantee cannot legally meet the requirements of this paragraph, provided that Grantee shall give Continental et al notice (as provided in the Assignment and Conveyance) immediately after is it informed by proceedings or order that such involuntary transfer may be or is required; however, all such transfers shall contain provisions preserving the preferential right of Continental et al to purchase. A transfer by Grantee, or by any subsequent owner, to Louisiana Gas Corporation shall be deemed a transfer to which said preferential right of purchase is applicable.

IN TESTIMONY WHEREOF this instrument has been executed by Grantor and Grantee in multiple originals as of the ..... day of ....., 1958.

LOUISIANA GAS CORPORATION

By .....  
*President*

TEXAS EASTERN TRANSMISSION  
CORPORATION

By .....  
*Vice President*

WITNESSES:

.....  
.....  
.....  
.....

A2706

State of Texas  
County of Harris

On this ..... day of ....., 1959, before me, a Notary Public, appeared ....., to me personally known, who being by me duly sworn, did say that he is President of Louisiana Gas Corporation, a corporation, and that the foregoing instrument was signed on behalf of the said corporation by authority of its Board of Directors, and the said ..... acknowledged said instrument to be the free act and deed of said corporation.

Witness my official signature and seal as such Notary Public on the day, month and year first above written.

Notary Public in and for  
Harris County, Texas

State of Texas  
County of Harris

On this ..... day of ....., 1959, before me, a Notary Public, appeared ....., to me personally known, who being by me duly sworn, did say that he is Vice President of Texas Eastern Transmission Corporation, a corporation, and that the foregoing instrument was assigned on behalf of the said corporation by authority of its Board of Directors, and the said ..... acknowledged said instrument to be the free act and deed of said corporation.

Witness my official signature and seal as such Notary Public on the day, month and year first above written.

Notary Public in and for  
Harris County, Texas

## Hearing Exhibit No. M-20

## ACT OF MORTGAGE AND PLEDGE

State of Texas  
County of Harris

Be it known that before me, a Notary Public duly commissioned and qualified in and for the State of Texas and County of Harris and therein residing, and in the presence of witnesses hereinafter named, on the \_\_\_\_\_ day of \_\_\_\_\_, 1959, personally came and appeared:

Louisiana Gas Corporation, a Delaware corporation, represented by Campbell A. Griffin, its President, duly authorized (herein called "Mortgagor"), which declared that it is justly and truly indebted unto:

M. H. Marr, (herein called "Mortgagee") in the full and true principal sum of Ten Million, Two Hundred Fifty-One Thousand, Three Hundred Ninety-Two Dollars (\$10,251,392.00), and in order to evidence said indebtedness Mortgagor has made, executed and delivered a series of promissory notes, aggregating the total sum of \$10,251,392.00, consisting of sixteen notes, numbered consecutively 1 through 16, each dated of even date herewith, without interest from date to maturity, each note being payable in consecutive monthly installments as follows:

Note 1 is in the principal sum of \$528,120.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1959.

Note 2 is in the principal sum of \$528,120.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1960.

Note 3 is in the principal sum of \$672,816.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1961.

Note 4 is in the principal sum of \$672,816.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1962.

Note 5 is in the principal sum of \$672,816.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1963.

Note 6 is in the principal sum of \$672,816.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1964.

Note 7 is in the principal sum of \$672,816.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1965.

Note 8 is in the principal sum of \$672,816.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1966.

Note 9 is in the principal sum of \$672,816.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1967.

Note 10 is in the principal sum of \$672,816.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1968.

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Note 11 is in the principal sum of \$672,816.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1969.

Note 12 is in the principal sum of \$672,816.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1970.

Note 13 is in the principal sum of \$672,816.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1971.

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Note 14 is in the principal sum of \$672,816.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1972.

Note 15 is in the principal sum of \$672,816.00, the first of twelve equal installments thereon being due on the first day of \_\_\_\_\_, 1973.

Note 16 is in the principal sum of \$448,544.00, the first of eight equal installments thereon being due on the first day of \_\_\_\_\_, 1974.

said notes being payable at the offices of M. H. Marr, 2500 Republic National Bank Building, Dallas, Texas, and containing provisions for acceleration and endorsement of credits as more fully set out in said notes.

Appearers declare that said notes represent the Mortgagee's share of the credit portion of the consideration of that certain sale dated the \_\_\_\_\_ day of \_\_\_\_\_, 1959, executed by Continental Oil Company, et al, to Louisiana Gas Corporation, assigning and conveying the properties hereinafter described, which said notes after having been duly paraphed "Ne Varietur" by me, Notary, for indentification with this Act, were delivered to the Mortgagee, who hereby acknowledges the receipt thereof.

And now, in order to secure the full due and punctual payment of the above described notes in principal, attorneys' fees and costs, and to secure the performance of all the provisions therein and herein contained, the said Mortgagor declares that it does by these presents specially mortgage, pledge and hypothecate unto and in favor of the said Mortgagee, his heirs, legal representatives and assigns, or any future holder or holders of said notes, an undivided 8.404469% interest in and to the properties, rights and interests acquired by Mortgagor under the Assignment and Conveyance annexed hereto as Exhibit 1, including Exhibit A annexed thereto and in the machinery, equipment, fittings and other property described on Ex-



hibit 2 annexed hereto, all made a part hereof as if said exhibits were set out in full (which undivided interest is herein called "mortgaged properties"). Mortgagor warrants that it has not heretofore alienated or encumbered the mortgaged properties, but otherwise Mortgagor executes this mortgage and pledge without warranty of title and without any recourse against Mortgagor by reason of any failure of Mortgagor's title to all or any portion of the mortgaged properties.

It is the intention of the Mortgagor to include herein an undivided 8.404469% of all interest whatsoever owned by it in and to, or relating to any and all oil and gas leases covering the described land and units, or any of them, and other properties described in Exhibits 1 and 2, whether or not the said interests or the said lands, or other properties, are correctly described in said Exhibits. Mortgagor covenants that it will, from time to time, upon request, duly execute, acknowledge, deliver, record and file all such further and additional acts, deeds, instruments and assurances and will take all such further action as may be necessary or appropriate for assuring and confirming to the Mortgagee

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and in favor of any and all future holder or holders of the notes hereinabove described, and property included or intended to be included by the above descriptions and the lien, security, mortgage and pledge and assignment hereby created and intended to be created.

Mortgagor binds and obligates itself, in case any of said notes should be placed in the hands of an attorney to recover the amount thereof, or any part thereof, or to protect the interest of the holders thereof, or in case the same should be placed in the hands of an attorney for collection, compromise or other action, to pay all attorney's fees incurred thereby, as provided in the notes.



The mortgaged properties are to remain specially mortgaged, pledged and hypothecated until the full and final payment of each of the above described promissory notes, as well as any and all renewals or extensions thereof or of any part thereof, however evidenced, and until the full performance of and compliance with all the clauses and stipulations of this act, together with all costs, charges and attorney's fees as herein stipulated, and the said Mortgagor hereby binds and obligates itself, its successors and assigns, not to sell, alienate, deteriorate, or encumber the same to the prejudice of this Act.

Compulsory unitization of oil and gas properties in the interest of conservation is recognized as a valid and proper exercise of Mortgagor's rights, whether requested or ordered, and shall not constitute an encumbrance on the said properties that is prohibited by this act, provided that this mortgage and pledge shall cover and affect all portions of the said properties that may be included in a unit and that portion of the unit production allocated to the mortgaged properties.

Mortgagor, for itself, its successors and assigns, does by these presents agree and stipulate that, subject to the provisions of the notes, it shall be lawful for, and it does hereby authorize, said Mortgagee, in the event of default in the payment of any installment of the aforesaid notes, and the continuance of such default for a period of fifteen (15) days after notice thereof by such Mortgagee to Mortgagor as provided in the notes, without making a demand or putting in default, a putting in default being expressly waived, to cause all and singular the undivided 8.404469% interest in the properties securing such Mortgagee to be seized and sold by executory process, without appraisement (appraisement being hereby expressly waived) either in its entirety or in lots or parcels, as such Mortgagee may determine, to the highest bidder for cash, or on such terms as plaintiff in such proceedings may direct, Mortgagor for

itself, its successors and assigns, hereby confessing judgment for the full amount of said notes, together with all costs, attorneys' fees and all other charges.

Mortgagor does herein and hereby waive the three and five days' notice of demand provided for by Article 735 of the Code of Practice of the State of Louisiana

If at any time during the existence of this mortgage and prior to the full payment of the obligation it secures, the leasehold rights herein mortgaged, or any portion of such leasehold rights having a well capable of producing gas in paying quantities actually situated thereon, (other than leasehold rights as to which a release or re-assignment has been tendered by Mortgagor pursuant to the provisions of the Assignment and Conveyance) should be seized under any legal process and such seizure is not removed or bonded within thirty (30) days after Mortgagor is notified thereof (unless within such period Mortgagee agrees that the continuance of the seizure does not impair its security), or in

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the event an application for adjudication in bankruptcy is filed by or consented to by Mortgagor or an application for involuntary bankruptcy is filed against Mortgagor and an order shall be entered by any court of competent jurisdiction adjudicating Mortgagor a bankrupt (provided, however, that if Mortgagee shall be given notice of such involuntary application within ten (10) days after the filing thereof and such order is vacated or set aside or stayed within sixty (60) days from the date of its entry, or at least seven (7) days prior to the date set for filing of creditors' claims in such proceeding, whichever is the earliest date, same shall not give rise to the right of acceleration), or in the event of non-payment of any installment of said notes promptly when due and the continuance of such default for fifteen (15) days following demand on Mortgagor

therefor, then and in that event, or upon the occurrence of any of those events (the event continuing on the date the option to accelerate is exercised), the entire unpaid balance on said notes, in principal, attorneys' fees and costs, charges and expenses, shall immediately at the option of the holder or holders of said notes become due and exigible, without any demand, notice or putting in default under the terms hereof as well as under the terms and stipulations of the said notes with which this act is identified. No such seizure shall constitute an event giving rise to the right of acceleration if same is due, in whole or in part, to an existing title defect or the failure to meet its obligations of any owner of the interests reserved in the Assignment and Conveyance by which the Mortgagor acquired the mortgaged properties.

In the event of non-payment of any installment of said notes promptly when due, and within the fifteen (15) day period following the demand and the failure to correct the default, the entire unpaid balance on the notes secured hereby shall immediately, at the option of the holder or holders of said notes, become due and exigible, without any demand, notice or putting in default under the terms hereof as well as under the terms and stipulations of the said notes secured hereby. Any indulgence or extensions or any delay or omission by any holder or holders of the notes secured by this mortgage to exercise any right, option or privilege arising through any default of Mortgagor under this mortgage shall not impair any such rights, options or privileges nor be construed to constitute a waiver of such default or acquiescence therein, nor shall any act evidencing forbearance of any holder or holders of said notes affect, waive or impair its right, option or privilege in respect to any subsequent default.

Mortgagor does by these presents, in order to further secure the payment of said notes in principal, attorneys'

fees and costs, and to secure the performance of all of the provisions therein and herein contained, assign, pledge and deliver unto and in favor of the Mortgagee and unto any future holder or holders of said notes, the gas attributable to the net interest in production (after removal of condensate) in the mortgaged properties, until the full amount of the indebtedness hereby secured, together with attorneys' fees and costs is fully paid.

Mortgagee agrees that, notwithstanding such pledge, Mortgagor may take and dispose of all production affected by this pledge and receive the value thereof from the purchaser, if sold, without liability or responsibility to Mortgagee hereunder, or any future holder or holders of the notes, until (1) a monthly installment on the notes shall not have been timely paid in full (or disputed funds tendered into the registry of the court or escrowed in a bank as provided in the notes), and (2) the holder or holders of the notes shall have given Mortgagor written notice of such default by registered mail, and (3) thirty days

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shall have elapsed from the date of receipt by Mortgagor or the notice of default, provided however, that if at any time before the end of said thirty (30) day period Mortgagor either pays in full the delinquent installment on such notes (or deposits disputed funds as therein provided) or tenders to the holder or holders of the notes a written instrument under which it agrees to pay to such holder or holders of the notes a monthly sum of money as payment on the defaulted installments of the notes, determined by multiplying the number of thousand cubic feet of gas produced and saved by Mortgagor from the net interest in production (after removal of condensate) in the mortgaged properties and pledged hereunder by 22.6¢ per thousand cubic feet, Mortgagor may (prior to foreclosure hereunder) continue to take and dispose of the

production affected by such pledge and receive the value thereof from purchaser, if sold, without liability or responsibility to Mortgagee hereunder or any future holder or holders of the notes. Computation of production on which the payment under the written instrument shall be based shall commence on the day of default by Mortgagor and continue until the total sum paid, together with other payments by Mortgagor, places such notes on a current basis. Tender of such written instrument by Mortgagor shall be sufficient, regardless of whether same is accepted; and the holder or holders of the notes shall not be required to accept same.

This pledge is granted under Louisiana Revised Statutes 9:4301 to 9:4304, inclusive, and all other applicable laws; and in the event the conditions provided in the preceding paragraph occur, and the Mortgagor either fails to pay (or deposit) delinquent installments or make the agreement to pay the sum as provided, or having made the agreement to pay the sum as provided, thereafter defaults in its agreement, all rights to production under the pledge and the law may be exercised and enforced by such Mortgagee. No provision of this Act of Mortgage and Pledge shall ever obligate Mortgagor or Mortgagee, their respective heirs, legal representatives, successors or assigns, to take or market production from the mortgaged properties.

This instrument is in all respects to be constructed as a special mortgage, hypothecation, pledge and confession of judgment under the laws of the State of Louisiana by said Mortgagor in favor of said Mortgagee and any future holder or holders of said notes to secure the payment of the principal of the notes above described and also to secure the performance of all obligations of the Mortgagor herein contained and all other sums hereinabove stipulated for.

This mortgage is and shall operate as a real estate mortgage under the laws of Louisiana, and also as a chattel



mortgage under R.S. 9:5351 et seq. Any of the multiple originals hereof may be filed with the Recorder of Acadia Parish, Louisiana, as a chattel mortgage and as a mortgage on realty to secure the payment of the aforesaid notes.

All of the remedies and rights of Mortgagee hereunder shall be cumulative, and each right and remedy may be exercised from time to time without waiving any other right or remedy; and the exercise of any right or remedy of Mortgagee hereunder shall not exhaust same.

No recourse shall be had hereunder for any obligation or claim based hereon against any incorporator or against any stockholder, director or officer, past or present, of Mortgagor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise; and all monetary liability of incorporators, stockholders, directors or officers, as such, whether same be at law or in equity, or by any

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constitution, statute or otherwise, or either, hereunder or on the indebtedness secured hereby, is hereby expressly released and waived by Mortgagee.

The parties hereto waive the production of any mortgage, conveyance and tax certificate and agree to hold the undersigned notary harmless in the premises.

The parties hereto take cognizance of the fact that Mortgagor has executed, simultaneously herewith, similar mortgages in favor of Continental Oil Company, Sun Oil Company and General Crude Oil Company, securing the notes received by them as their shares of the credit portion of the consideration for that certain Assignment and Conveyance executed by Continental Oil Company, et al to Louisiana Gas Corporation, and the parties hereto agree that the liens created by all of said mortgages, including this mortgage, are of equal rank and that the rights of the holder or holders of all the notes secured by such



mortgages may be enforced simultaneously or otherwise and that the exercise of the rights of any mortgagee or future holder or holders of the notes shall not lessen in any way the rights of any mortgagee or future holder or holders of the notes.

In the event that a default exists under any of said three mortgages which gives the holder, or holders, of the mortgage indebtedness thereunder the right to accelerate all of said indebtedness under such mortgage, and such holder, or holders, does so accelerate same, such acceleration shall constitute an independent event of default hereunder equivalent to non-payment of any installment of said notes promptly when due.

THUS DONE AND PASSED, in multiple originals, each having the force of an original although constituting but one instrument, in my office in Houston, Harris County, Texas, in the presence of \_\_\_\_\_ and \_\_\_\_\_, competent witnesses, who hereunto sign their names with the said appearers and me, Notary, after reading of the whole.

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

LOUISIANA GAS CORPORATION

By \_\_\_\_\_

President

*Mortgagor*

\_\_\_\_\_  
M. H. Marr

*Mortgagee*

\_\_\_\_\_  
Notary Public in and for  
Harris County, Texas

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## Hearing Exhibit No. M-21

PROMISSORY NOTE NO. ....

Houston, Texas

....., 195....

\$.....

In the installments hereinafter provided and specified, without grace, and for value received, the undersigned Louisiana Gas Corporation, a Delaware corporation, promises to pay to the order of Continental Oil Company, a Delaware corporation, at its offices in Houston, Texas, the sum of ..... dollars (\$.....) without interest from date to maturity.

This note is payable in ..... (.....) equal consecutive monthly installments of \$..... each, and one of such monthly installments shall be payable on the first day of each month, beginning with the month of ....., 19...., and continuing until said ..... monthly installments have been paid.

This note is one of a series of sixteen (16) promissory notes, aggregating the principal sum of \$68,221,520.00, all of even date herewith executed by Louisiana Gas Corporation and payable to the order of Continental Oil Company, notes one and two each in the principal amount of \$3,514,428.00, notes three to fifteen, inclusive, each in the principal amount of \$4,477,512.00, and note sixteen in the principal amount of \$2,985,008.00, each note payable in installments as therein provided. Said series of notes represents the credit portion of the consideration due payee for the execution and delivery by payee of that certain Assignment and Conveyance from Continental Oil Com-

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pany, Sun Oil Company, M. H. Marr, and General Crude Oil Company to Louisiana Gas Corporation of even date covering leasehold interests and other property in the Rayne Field, Acadia Parish, Louisiana.

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In case this note should be placed in the hands of an attorney to institute legal proceedings to recover the amount hereof or any part hereof or to protect the interests of the holder hereof or in case the same should be placed in the hands of an attorney for collection, compromise, or other action, the makers and endorsers bind themselves to pay the reasonable fees of the attorneys who may be employed for that purpose.

The makers, sureties, guarantors and endorsers of this note, and all other parties hereto, severally waive demand, presentment for payment, notice of dishonor, protest and notice of protest, all pleas of division and discussion, diligence in collecting or in bringing suit against any party hereto, and agree to all extensions and partial payments, with or without notice, before or after maturity, hereby binding themselves in solido, unconditionally and as original promisors for the payment hereof in principal, costs and attorneys' fees.

The payment of this note is secured by Act of Mortgage and Pledge of even date, executed by Louisiana Gas Corporation unto Continental Oil Company covering interests in certain oil, gas and mineral leases and leasehold estates in and to certain lands situated in the Parish of Acadia, State of Louisiana and other property situated in such Parish, to which Act of Mortgage and Pledge reference is hereby made for a description of the property mortgaged, the nature and extent of such security and the rights

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of the holders of this note in respect thereof as if said mortgage was set out herein in full.

If on \_\_\_\_\_, 1960, or on \_\_\_\_\_ of any year thereafter, the accumulated gas production (after removal of condensate) attributable to 55.930697% of the net interest in production in the properties covered by the Assignment and Conveyance is in excess of a total base quantity determined by multiplying 22,557,762,000 cubic feet by the number of years since the date

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of the first note in this series of notes (except that as to the years ending \_\_\_\_\_, 1960 and \_\_\_\_\_, 1961, the quantity used shall be 17,705,715,000 cubic feet rather than 22,557,762,000 cubic feet), then for each 1,379,813,000 cubic feet of the excess, Maker agrees that the last installment then remaining due on this series of notes (and additional installments or notes in inverse order of maturity as required) shall become due and will be payable within 25 days after the due date; provided, however, that excess production which has been previously used as the basis for a required accelerated payment shall be deducted from accumulated gas production in making the above computation.

A cubic foot of gas shall be measured at an absolute pressure of 15.025 pounds per square inch at a temperature of 60 degrees Fahrenheit in accordance with the existing provisions of Louisiana R.S. 55:151-156, known as the Standard Gas Measurement Law of the State of Louisiana; and the terms "gas", "condensate" and "net interest in production" shall have the same meaning as set forth in the Assignment and Conveyance.

If the event of failure to pay any installments herein when due and the continuance of such default for a period

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of 15 days after notice in writing of such non-payment from Payee to Maker, then and in such event the entire unpaid balance of this note and all notes in this series shall at the option of Payee at once and without further notice or demand become due and payable; provided, however, that if by reason of a bona fide dispute involving accelerated payments under the terms and provisions of this note or other notes in this series, Maker shall within said 15-day period file suit for a determination of such dispute, depositing in the registry of the court or in an escrow account in a national banking association, the amount of the payment in cash which is involved in the dispute, then Payee's right to accelerate for such cause shall be deferred until said disputed issue shall have been finally determined, subject to the provision that prior to determination thereof all other sums due hereunder and under other notes in this series which are undisputed have been timely paid, and subject to the further provision that any subsequent disputed sums are also deposited in the registry of the court or in escrow pending:

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the determination. If any amount is so deposited or escrowed as above provided, then upon final determination thereof the losing party to the dispute shall pay the other party interest for the period the disputed funds are in escrow or on deposit at the rate of 4% per annum on such funds.

No recourse shall be had hereunder for any obligation or claim based hereon against any incorporator or against any stockholder, director or officer, past or present, of maker, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise; and all monetary liability of in-

corporators, stockholders, directors or officers, as such, whether same be at law or in equity, or by any constitution, statute or otherwise, or either hereunder, under said Act of Mortgage and Pledge or on the indebtedness secured thereby, is hereby expressly released and waived by Payee.

ATTEST:

\_\_\_\_\_  
Secretary

LOUISIANA GAS CORPORATION

By \_\_\_\_\_  
President

NE VARIETUR for identification with Act of Mortgage and Pledge passed before me this \_\_\_\_\_ day of \_\_\_\_\_, 1958.

\_\_\_\_\_  
Notary Public in and for  
Harris County, Texas



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BEFORE THE  
FEDERAL POWER COMMISSION  
UNITED STATES OF AMERICA

Docket No. G-12446

In the Matter of  
TEXAS EASTERN TRANSMISSION CORPORATION

Application For a Certificate of Public Convenience and  
Necessity Pursuant To Section 7 of the Natural Gas Act  
As Amended

Texas Eastern Transmission Corporation (Applicant) hereby makes application to the Federal Power Commission, pursuant to Section 7(c) of the Natural Gas Act, as amended, and to the Rules and Regulations of the Federal Power Commission issued thereunder, for a Certificate of Public Convenience and Necessity authorizing Applicant to construct and operate the facilities hereinafter described, to lease from Texas Eastern Penn-Jersey Transmission Corporation (Penn-Jersey) and operate the facilities described in an application for a Certificate of Public Convenience and Necessity filed by it concurrently herewith, and to make the sales and render the services hereinafter described by means of all such facilities, together with the existing facilities of Applicant, all as more fully set out hereinafter.

I.

The exact legal name of Applicant is Texas Eastern Transmission Corporation. Applicant is a corporation organized and existing under the laws of the State of Delaware. Its principal place of business is as follows:

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Texas Eastern Transmission Corporation  
Texas Eastern Building  
Shreveport, Louisiana

The name, title and mailing address of the person to whom correspondence and communications concerning this application are to be addressed is:

Walter E. Caine, Vice President  
Texas Eastern Transmission Corporation  
Texas Eastern Building  
Shreveport, Louisiana

Copies should be sent to:

Keith M. Pyburn, Attorney  
Texas Eastern Transmission Corporation  
Suite 852, 425 Thirteenth Street, N.W.  
Washington 4, D. C.

and

Robert M. Harris, Manager of Certificates  
Texas Eastern Transmission Corporation  
Texas Eastern Building  
Shreveport, Louisiana

## II.

Applicant is a natural gas company which owns and operates, among other properties, a natural gas transmission system extending from the State of Texas through the Appalachian area to the Eastern Seaboard in the Philadelphia-Newark area. It is authorized to do business in the States of Texas, Louisiana, Arkansas, Missouri, Illinois, Indiana, Ohio, West Virginia, Mississippi, Alabama, Tennessee, Kentucky, Pennsylvania, New Jersey, New York, Oklahoma, Kansas, Colorado and Utah.

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## III.

Applicant seeks authorization herein to construct and operate the following described facilities:

- A. Approximately 22.0 miles of 14-inch pipeline extending from Rayne Field, Acadia Parish, Louisiana, to Applicant's Opelousas, Louisiana, Compressor Station;
- B. A new 2,200 H.P. compressor station near Rayne, Louisiana, on the 14-inch Rayne Field lateral proposed in Paragraph A above;
- C. Approximately 105.0 miles of 30-inch pipeline loops along Applicant's existing 30-inch pipeline between Opelousas, Louisiana, and Kosciusko, Mississippi;
- D. Approximately 140.0 miles of additional 30-inch pipeline loops along Applicant's existing 30-inch pipeline between Kosciusko, Mississippi, and Uniontown, Pennsylvania;
- E. The metering and regulating stations necessary to make the sales herein proposed.

The location of such facilities is set forth on Exhibit F, attached hereto. The estimated over-all capital cost of such facilities is approximately \$38,908,100, the details of which are set forth on Exhibit K attached hereto.

Applicant proposes to commence construction of such facilities immediately upon receipt of authorization from the Commission and to complete construction thereof for commencement of operation within seven months from the date of issuance of a Certificate of Public Convenience and Necessity.

## IV.

Applicant seeks authorization to lease and operate the facilities proposed to be constructed and leased to it by Penn-Jersey

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in a companion application filed concurrently herewith and to which reference is made for the purposes of this application.

The facilities referred to above consist of:

- A. An additional 4,000 H.P. at Penn-Jersey's Delmont Compressor Station, Westmoreland County, Pennsylvania;
- B. Approximately 65.5 miles of 30-inch pipeline loop along Penn-Jersey's pipeline between Delmont, Pennsylvania and Lambertville, New Jersey.

## V.

Applicant seeks to sell and deliver to its customers, under long term service agreements and firm rate schedules, the quantities of gas as follows:

Customer	Quantity Proposed To Be Sold (MCFD)	
	15.025 psia	14.73 psia
Algonquin Gas Transmission Company	10,000	10,200
The Columbia Gas System	25,300	25,807
The Consolidated Natural Gas Companies	39,600	40,393
Equitable Gas Company	14,000	14,280
New Jersey Natural Gas Company	5,000	5,100
United Natural Gas Company	1,600	1,632
Elizabethtown Consolidated Gas Company	1,100	1,121
Illinois Electric & Gas Company	1,000	1,020
City of Anna, Illinois	257	262
City of Jonesboro, Illinois	65	66

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Quantity Proposed To Be Sold  
(MCFD)

Customer	15.025 psia	14.73 psia
Village of Norris City, Illinois	100	102
City of Somerset, Kentucky	1,500	1,530
Tennessee Gas Company	465	474
<b>Totals</b>	<b>99,987</b>	<b>101,988</b>

VI.

The quantities of natural gas proposed to be sold in this application do not fulfill the requests of all of Applicant's customers for additional gas to meet the demands of the market which they serve.

Because there was not a sufficient quantity of gas available to meet the full requirements of all of Applicant's customers, they were asked to reduce their immediate requests in this docket to a total not in excess of the 100,000 Mcf per day to be made available by this application. Such customers as required additional supplies of gas out of that proposed to be made available by this docket agreed to request at this time the quantities shown in Paragraph V, and they are presently executing appropriate letters of intent or service agreements.

Evidence of the total requirements of such customers has or will be filed herewith as Exhibits I-(vii)(a) through (n). The requirements of The Columbia Gas System (The Manufacturers Light and Heat Company and The Ohio Fuel Gas Company), The Consolidated Natural Gas Companies (The East Ohio Gas Company, The Peoples Natural Gas Company, New York State

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Natural Gas Corporation and Hope Natural Gas Company) and the Equitable Gas Company were filed as Exhibits I(vii)(a), I(vii)(b) and I(vii)(c) respectively in Docket No. G-12227 to which reference is made for the purpose of this application.

The system gas supplies of the company, as they have from time to time been augmented by contracts for additional supplies, fully support the increased sales and capacity of the Applicant as proposed in this docket. The foregoing is fully demonstrated by the gas purchase contracts, and reserve and deliverability studies already on file with the Commission and which are filed herewith.

**VII.**

Texas Eastern Penn-Jersey Transmission Corporation (Penn-Jersey) has filed a companion application to this application wherein it seeks authorization to construct certain additional facilities to its pipeline system thereby increasing its capacity to 555,000 MCF per day (at 15.025 psia; 568,000 MCF at 14.73 psia). The additional facilities are proposed to be leased to Texas Eastern and operated by it.

No other application to supplement or effectuate this application must be or is to be filed by Applicant or any other person with any federal, state or other regulatory body.

**2938****VIII.**

This is an abbreviated application filed pursuant to Section 157.7 of the Rules and Regulations of the Commission for the reason that the data and information ordinarily required by Section 157.14 to be submitted are not all necessary for a full explanation of the proposal.



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its economic justification, and its effect upon the present and future operation of the Applicant and upon the public proposed to be served. Accordingly, the data and information required by Sections 157.5 through 157.14 which are attached hereto and those which are omitted, together with the justification for each such omission, are as follows:

**Exhibit A—*Articles of Incorporation and By-Laws.***

A copy of Exhibit A has heretofore been filed as Exhibit A in Docket No. G-12139 and is hereby incorporated by reference herein.

**Exhibit B—*State Authorization.***

A copy of Exhibit B has heretofore been filed as Exhibit B in Docket No. G-12139 and is hereby incorporated by reference herein.

**Exhibit C—*Company Officials.***

A copy of Exhibit C has heretofore been filed as Exhibit C in Docket No. G-11784 and is hereby incorporated by reference herein.

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**Exhibit D—*Subsidiaries and Affiliates.***

A copy of Exhibit D has heretofore been filed as Exhibit D in Docket No. G-12139 and is hereby incorporated by reference herein.

**Exhibit F—*Location of Facilities.***

Exhibit F is filed herewith.

**Exhibits G and G-I—*Flow Diagrams.***

Exhibits G and G-I are filed herewith.

**Exhibit G-II—*Flow Diagram Data.***

Exhibit G-II is filed herewith.

**Exhibit H—Total Gas Supply Data.**

Exhibits H(i), H(ii), H(iv) and H(vii) are filed herewith in the form of a separate volume. Exhibit H(iii) is incorporated herein by reference to Docket No. G-12227. Exhibits H(v) and H(ix) are filed herewith and bound with this application. Where reference is made in such exhibits to the official files of the Commission, the referenced material is incorporated herein by reference thereto. The data required by Exhibit H(vi) is set forth on Exhibit N attached hereto. Exhibit H(viii) is omitted as inapplicable to the present application.

**2940****Exhibit I—Market Data.**

The data required by Exhibit I(ii) is included in Exhibit X-1 filed herewith. Exhibit I(iv) is filed herewith. Exhibit I(v) is omitted since all service agreements will be executed on Applicant's standard form of service agreement, as contained in its FPC Gas Tariff, for the quantities set forth in Article V hereof. Attached hereto as Exhibits I(vii)(a) through I(vii)(n) are the market exhibits prepared by the customers proposed to be served in this docket setting forth the data required under Exhibits I(i), I(iii) and I(vii). Exhibits I(vi), I(viii) and I(ix) are omitted as inapplicable to the present application.

**Exhibit J—Conversion to Natural Gas.**

Omitted since no conversion to natural gas is proposed by this application.

**Exhibit K—Cost of Facilities.**

Exhibit K is filed herewith.

(2940)

**Exhibit L—*Financing.***

Exhibits L(i) through L(ix) are filed herewith. Exhibit L(x) is omitted because Applicant has not entered into any such agreements. Exhibit L(xi) is omitted because no such material has

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yet been furnished. Exhibit L(xii) is omitted because no filing has yet been made with the Securities and Exchange Commission.

**Exhibit M—*Construction, Operation and Management.***

Omitted since Applicant proposes to operate its system with its present personnel. If authorization is granted as sought herein Applicant will negotiate construction contracts with independent contractors. No such contracts have yet been executed nor are any now under negotiation.

**Exhibit N—*Revenues, Expenses and Income.***

Exhibit N is filed herewith.

**Exhibit O—*Depreciation and Depletion.***

Exhibit O is incorporated by reference to Docket No. G-12227.

**Exhibit P—*Tariff.***

Applicant's FPC Gas Tariff, Second Revised Volume No. 1, has heretofore been filed with the Commission and is hereby incorporated by reference herein. In addition, there are filed herewith as Exhibit P the following:

- (1) System cost of service for the first calendar year of operation;
- (2) Proposed rate base and rate of return;
- (3) Gas operating expenses;
- (4) Depreciation computations;

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- (5) Computations of taxes other than federal income taxes;
- (6) Computation of federal income taxes.

**Exhibit X-1—System Gas Balance.**

Exhibit X-1, containing a complete system gas balance for Texas Eastern Transmission Corporation for the years 1959-1960 and historical sales data, is filed herewith.

## IX.

WHEREFORE, Applicant respectfully requests the Commission to issue a Certificate of Public Convenience and Necessity authorizing Applicant, pursuant to Section 7(c) of the Natural Gas Act, as amended, to construct and operate the facilities described in Article III hereof, to lease from Penn-Jersey and operate the facilities described in Article IV hereof, to make the sales and render the services herein proposed, as set forth in Article V hereof, and for such other and further relief warranted in the premises.

Respectfully submitted,

TEXAS EASTERN TRANSMISSION CORPORATION

By /s/ WALTER E. CAINE

Walter E. Caine, Vice President

Attorneys for Applicant

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Texas Eastern Transmission Corporation  
Texas Eastern Building  
Shreveport, Louisiana

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## VERIFICATION

STATE OF LOUISIANA )  
PARISH OF CADDO )

Walter E. Caine, being first duly sworn, states that he is a Vice President of Texas Eastern Transmission Corporation; that he is authorized to execute this affidavit; that he has read the above and foregoing Application for a Certificate of Public Convenience and Necessity and is familiar with the contents thereof; that all allegations of

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fact therein contained are true and correct to the best of his knowledge and belief.

/s/ WALTER E. CAINE  
Walter E. Caine  
P.O. Box 1612  
Shreveport, Louisiana

SWORN TO AND SUBSCRIBED before me this 19th day of April, 1957.

/s/ ELMON W. HOLMES  
Elmon W. Holmes, Notary Public in  
and for Caddo Parish, Louisiana.  
My Commission is for life.

**3232**

Docket No. G-12446

Texas Eastern Transmission Corporation

**AIRMAIL**

Nov 21, 1957

Texas Eastern Transmission Corporation  
Shreveport  
Louisiana

Gentlemen:

Texas Eastern Transmission Corporation is hereby granted temporary authority pursuant to Section 7 of the Natural Gas Act only to construct the proposed 59 miles of 30-inch pipeline loops as described in its request for temporary authority filed on October 28, 1957.

This authorization is without prejudice to such ultimate disposition of the application for certificate in Docket No. G-12446, including the above described facilities, as the



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record may require, and is issued solely upon the representations made by Texas Eastern that it is willing to construct the facilities "at its own risk."

This authorization is conditioned upon the receipt by the Commission on or before December 15, 1957 of a letter filed by a duly authorized official of Texas Eastern accepting the temporary authorization hereby granted. The letter of acceptance shall contain a statement that in the event a certificate of public convenience and necessity is denied by the Commission, with respect to the construction and operation of the whole or any part of the 59 miles of 30-inch loop lines, the cost of construction of the whole or any part of the pipeline shall be borne by the corporate stockholders and such cost will be removed from the corporation's plant investment in facilities and from the corporation's rate base.

The letter of acceptance referred to above shall be accompanied by a resolution of the corporation's board of directors authorizing execution and acceptance of the same under the conditions herein stated.

By direction of the Commission.

J. H. GUTRIDE

Secretary

Approved by the Commission

11/21/57

cc: Mr. Keith M. Pyburn  
Suite 852, 425 13th Street, N. W.  
Washington, D. C.

RGC

LHF:tsm

11-12-57

**3308**

**UNITED STATES OF AMERICA  
FEDERAL POWER COMMISSION**

**Decision**

In the Matters of

Docket No. G-12446

**Texas Eastern Transmission Corporation**

Docket No. G-12447

**Texas Eastern Penn-Jersey Transmission Corporation**

Docket No. G-12432

**Continental Oil Company**

Docket No. G-12885

**M. H. Marr**

Docket No. G-12913

**Sun Oil Company**

Docket No. G-12931

**General Crude Oil Company**

**UPON APPLICATION FOR CERTIFICATES OF PUBLIC CONVENIENCE  
AND NECESSITY FILED PURSUANT TO SECTION 7 OF THE  
NATURAL GAS ACT**

**APPEARANCES**

*For Texas Eastern Transmission Corporation and Texas  
Eastern Penn-Jersey Transmission Company*

**Jack D. Head, Esquire, Houston, Texas**

**W. D. Deakins, Jr., Esquire, Houston, Texas**

**Frank E. Trobaugh, Esquire, West Frankfort, Illinois**

**Charles E. McGee, Esquire, Washington, D. C.**

**Francis H. Caskin, Esquire, Washington, D. C.**

**R. E. Christiansen, Esquire, Washington, D. C.**

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*For Continental Oil Company*

Roland B. Voight, Esquire, Houston, Texas  
Gene Woodfin, Esquire, Houston, Texas

*For M. H. Marr*

D. C. Wertz, Esquire, Dallas, Texas

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*For Sun Oil Company*

Herf M. Weinert, Esquire, Beaumont, Texas  
Martin A. Row, Esquire, Dallas, Texas  
Robert E. May, Esquire, Washington, D. C.

*For General Crude Oil Company*

D. F. Morse, Esquire, Houston, Texas

*For Public Service Commission of the State of New York*

Kent A. Brown, Esquire, Albany, New York  
Lawrence M. De Vore, Esquire, Albany,  
Barbara M. Suchow, Attorney, Albany, New York  
Charles J. Cox, Esquire, Albany, New York

*For Ohio Fuel Gas Company*

W. F. Laird, Esquire, Columbus, Ohio  
Brooks E. Smith, Esquire, New York City

*For Manufacturers Light and Heat Company*

William Anderson, Esquire, Pittsburgh, Pennsylvania  
Brooks E. Smith, Esquire, New York City

*For Texas Gas Transmission Corporation*

Christopher T. Boland, Esquire, Washington, D. C.  
Thomas F. Brosman, Esquire, Washington, D. C.  
Thomas R. Ryan, Esquire, Washington, D. C.  
William E. Feldhaus, Esquire, Owensboro, Kentucky

*For Public Service Electric and Gas Company*

Edward S. Kirby, Esquire, Washington, D. C.  
 J. Harty Mulhern, Esquire, Washington, D. C.  
 James R. Lacey, Esquire, Washington, D. C.  
 William R. Duff, Esquire, Washington, D. C.

*For Brooklyn Union Gas Company*

J. David Mann, Esquire, Brooklyn, New York  
 Edwin F. Russell, Esquire, Brooklyn, New York  
 Robert B. Lisle, Esquire, Brooklyn, New York

**3310***For Equitable Gas Company*

John T. Brown, Esquire, Pittsburgh, Pennsylvania  
 Donald I. Moritz, Esquire, Pittsburgh, Pennsylvania

*For Philadelphia Electric Company*

Vincent P. McDevitt, Esquire, Philadelphia, Pennsylvania  
 Eugene J. Bradley, Esquire, Philadelphia, Pennsylvania  
 Samuel G. Miller, Esquire, Philadelphia, Pennsylvania

*For Consolidated Natural Gas System Companies*

C. W. Cooper, Esquire, New York, New York  
 George C. Williams, Esquire, New York, New York  
 Norman A. Flaningam, Esquire, Washington, D. C.

*For United Gas Improvement Company*

J. David Mann, Jr., Esquire, Washington, D. C.  
 John E. Holtzinger, Jr., Esquire, Washington, D. C.

*For Elizabethtown Consolidated Gas Company*

William M. Wherry, Esquire, New York City

*For New Jersey Natural Gas Company*

Sidney M. Schreiber, Esquire, Newark, New Jersey

*For the Staff of the Federal Power Commission*

Orson L. Huntsman, Esquire, Washington, D. C.

**LAW, PRESIDING EXAMINER:** On April 22, 1957, Texas Eastern Transmission Corporation (Texas Eastern) and its wholly-owned subsidiary, Texas Eastern-Penn Jersey Transmission Corporation (Penn-Jersey) filed applications with this Commission for certificates of public convenience and necessity authorizing the construction and operation of additional facilities (consisting primarily of pipeline loops, but including in the case of Penn-Jersey 4,000 horsepower of additional compression at an existing station) to increase the capacity of their respective systems north and east of Opelousas, Louisiana by approximately 100,000 Mcf in order to render additional service to existing customers of Texas Eastern. The application of Texas Eastern also sought

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authority to construct and operate a 2200 horsepower compressor station and 22 miles of 14-inch pipeline for this purpose of transporting gas from the Rayne Field in Acadia Parish, Louisiana to Opelousas, as well as authority to make additional sales to existing customers and to construct such additional metering and regulating stations as were necessary for improvement of existing service or for the proposed additional sales to existing customers.

On July 30, 1957, Penn-Jersey supplemented its application in Docket No. G-12447 by filing certain information as to actual deliveries by or for Texas Eastern (primarily east of the Oakford Storage Field), and other information intended to support the application in Docket No. G-12447, as well as that of Texas Eastern in Docket No. G-12446.

Applications for certificates of public convenience and necessity, for the sale of natural gas to Texas Eastern from the Rayne Field, were filed by Continental Oil Company (Continental) on April 17, 1957 in Docket No. G-12432, by M. H. Marr (Marr) on July 15, 1957 in Docket No. G-12885, by Sun Oil Company (Sun) on July 17, 1957

in Docket No. G-12913 and by General Crude Oil Company (General Crude) on July 22, 1957 in Docket No. G-12931. The application of Continental states that it is intended to cover the non-working undivided interests of Kirby Vensyn Petroleum Company, Texas Gas Exploration Corporation, Walter J. Crawford, Nitis H. Hooks, Royalty Corporation of Beaumont, C.B. Claypool, Harry Lucas, Jr., Philip B. Lucas, H. E. Dishman and F. J. Muller, each of whom has authorized filing on his or its behalf by executing a formal authorization, which was on file and open to inspection at Continental's Houston office and would be present in the hearing room during the hearing in Docket No. G-12432.

On August 15, 1957, the applications of Texas Eastern in Docket No. G-12446, of Penn-Jersey in Docket No. G-12447 and of the four independent producers in Docket Nos. G-12432, G-12885, G-12913 and G-12931 were consolidated and notice thereof was authorized by the Commission's Secretary. By order of November 1, 1957, Texas Gas Transmission Company (Texas), Public Service Electric and Gas Company (Public Service), The Brooklyn Union Gas Company (Brooklyn), Philadelphia Electric Company (PX), four subsidiaries of Consolidated Natural Gas Company (jointly described hereinafter as Consolidated), and United Cities Gas Company (United Cities) were permitted to intervene in all of these six proceedings. By the same order The Manufacturers Light & Heat Company and The Ohio Fuel Gas Company (both being subsidiaries of Columbia Gas System, Inc. and being hereinafter jointly called Columbia) and Equitable Gas Company (Equitable) were permitted to intervene in the two pipeline cases

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and United Gas Improvement Company (UGI) was authorized to intervene in the four independent producer



cases. By a further order of November 15, 1957, the intervention of UGI was extended to include the two pipe line cases, New Jersey Natural Gas Company (New Jersey) was authorized to intervene in both pipe line cases and Elizabethtown Consolidated Gas Company (Elizabethtown) was permitted to intervene in Docket No. G-12446 only. A notice of intervention in the six cases was filed by The Public Service Commission of the State of New York (New York), September 11, 1957.

On October 18, 1957, notice was issued of a hearing in these consolidated proceedings, to convene November 19, 1957. On November 12, 1957, the undersigned was designated to preside at the said hearing. The hearing was convened at Washington, D. C. November 18, 1957, according to notice and was continued through Monday, November 25, when a recess was taken to December 9, 1957.

During the opening statement of counsel on November 19, 1957, it became apparent that the design of the proposed transportation facilities of Texas Eastern and Penn-Jersey had been materially altered from those proposed in the application. The changes in design included elimination of all the 105 miles of loop lines originally proposed by Texas Eastern between Opelousas, Louisiana and Kosciusko, Mississippi and all except 59 miles of the 140 miles of loop lines previously proposed to be built by Texas Eastern between Kosciusko and Uniontown, Pennsylvania, as well as all the 65.6 miles of pipeline which Penn-Jersey originally proposed to construct between Delmont, Pennsylvania and Lambertsville, New Jersey.

By its proposal as now amended Texas Eastern proposes to substitute, for its own eliminated pipeline loops, approximately 141,780 additional compressor horsepower at twelve existing compressor stations and to substitute, for the pipeline loops of Penn-Jersey which are eliminated, the leasing and operation of 67,000 compressor horsepower at five new compressor stations to be constructed

in Pennsylvania by Penn-Jersey. Penn-Jersey now seeks authority, by its amended application, to construct five new compressor stations along its existing 24-inch pipeline, (in substitution for the pipe line looping previously proposed) and to lease the proposed new facilities to Texas Eastern. Each of the two pipeline companies also now proposes modification of certain of its existing compressors.

By direction of the Presiding Examiner, notice of the November 22nd amendments to the applications of Texas Eastern and Penn-Jersey was given to all customers of Texas Eastern and to state commissions in states where service is rendered to such customers. At the close of the hearing session of November 22, a recess was taken to December 9, 1957; the record first being

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closed as to evidence in the four independent producer proceedings. The only apparent response to the notice of amendment was the filing of a notice of intervention by the Tennessee Public Service Commission (Tennessee). The said notice by Tennessee indicated no special interest arising from the amendments to the application and Tennessee neither was represented by counsel on December 9th nor filed any briefs subsequently.

After correction of the transcript, there being no requests by anyone for the opportunity to further cross-examine witnesses of Texas Eastern and Penn-Jersey, the record of evidence as to those two applicants was declared closed December 9, 1957 (the record of evidence as to the four independent producers having been closed prior to the recess taken November 22, 1957). Upon consideration of the requests of counsel, time for filing of briefs was then fixed.

Motions for omission of the intermediate decision procedure were made by counsel for the four independent producer applicants following the close of evidence in their

cases on November 25th. Some, but not all, of the interveners concurred in the request and Staff Counsel did not concur. At the close of the record as to the two pipeline applicants on December 9th, a similar motion as to their two proceedings were made by counsel for these two applicants. All the interveners then present concurred in the motion, but Staff Counsel declined to take a position for or against the said motion.

After completion of the independent producer record, counsel for Public Service moved the dismissal of the four applications of the independent producers here under consideration, or in the alternative the remanding of the said matters for further hearing with a requirement that the said producers present evidence as to whether certification of the sales by them to Texas Eastern at the rates proposed was required by public convenience and necessity, under Rule 20, Paragraph J of the Commission's rules of practice and procedure.

The Commission issued an order on December 26, 1957, denying the motions for omission of the intermediate decision procedure. Briefs were filed by the four applicants, by interveners and by Staff Counsel on or before December 27, 1957. Oral argument, in lieu of reply briefs, was held before the Presiding Examiner January 6, 1958. The briefs and oral argument included discussion of the motion to dismiss or remand the four independent producer proceedings.

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#### *The Applicants' Proposals*

Texas seeks authorization in Docket No. G-12446 to construct and operate the following-described facilities:

A. Approximately 22.0 miles of 14-inch pipeline extending from Rayne Field, Acadia Parish, Louisiana, to Texas Eastern's, Opelousas, Louisiana, Compressor Station;

B. A new compressor station of approximately 2,200 H.P. near Rayne, Louisiana, on the 14-inch Rayne Field lateral described in A above;

C. Approximately 59.0 miles of additional 30-inch pipeline loops along its existing 30-inch pipeline between Kosciusko, Mississippi, and Uniontown, Pennsylvania;

D. The addition of approximately 15,200 H.P. to each of the following existing compressor stations:

1. St. Francisville, West Feliciana Parish, Louisiana,
2. Clinton, Hinds County, Mississippi,
3. Owingsville, Bath County, Kentucky,
4. Athens, Athens County, Ohio;

E. The addition of approximately 14,910 H.P. to its existing Union Church, Jefferson County, Mississippi, Compressor Station;

F. The addition of approximately 10,000 H.P. to its existing Kosciusko, Attala County, Mississippi, Compressor Station;

G. The addition of approximately 15,000 H.P. to each of the following existing compressor stations:

1. Egypt, Monroe County, Mississippi,
2. Mt. Pleasant, Giles County, Tennessee;

H. The addition of approximately 870 H.P. to its existing Danville, Lincoln County, Kentucky, Compressor Station;

I. The addition of approximately 7,600 H.P. to each of the following existing compressor stations:

1. Wheelersburg, Scioto County, Ohio
2. Berne, Monroe County, Ohio;

J. The addition of approximately 10,000 H.P. to its existing Holbrook, Green County, Pennsylvania, Compressor Station;

K. The metering and regulating stations necessary to make the sales proposed in the application.

Texas Eastern also proposes to make minor modifications in certain existing compressors, which will increase capacity but leave the compressor horsepower unchanged. The estimated over-all capital cost of the proposed additions and modifications by Texas Eastern is approximately \$37,435,000.

Texas Eastern also seeks authorization in Docket No. G-12446 to lease and operate the facilities proposed to be constructed and leased to it by Penn-Jersey in its companion application filed in Docket No. G-12447, which facilities consist of:

A. The addition of approximately 4,000 H.P. to Penn-Jersey's existing Delmont, Westmoreland County, Pennsylvania, Compressor Station;

B. Five new compressor stations of approximately 13,400 H.P. each along its existing 24-inch pipeline at the following locations:

1. Station "A", in Indiana County, Pennsylvania
2. Station "B", in Huntingdon County, Pennsylvania
3. Station "C", in Perry County, Pennsylvania
4. Station "D", in Berks County, Pennsylvania
5. Station "E", in Bucks County, Pennsylvania

Texas Eastern also seeks authority to sell and deliver to existing customers, under long term service agreements

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and firm rate schedules, additional quantities of gas as follows:

<i>Customer</i>	<i>Quantity Proposed to be Sold Mcf per day at 14.73 psia</i>
Algonquin Gas Transmission Company	10,200
The Columbia Gas System	25,807
The Consolidated Natural Gas Companies	40,393
Equitable Gas Companies	14,280
New Jersey Natural Gas Company	5,100
United Natural Gas Company	1,632
Elizabethtown Consolidated Gas Company	1,121
Illinois Electric & Gas Company	1,020
Village of Norris City, Illinois	102
City of Somerset, Kentucky	1,530
Tennessee Gas Company	474

Approximately 101,660

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Penn-Jersey seeks authorization in Docket No. G-12447, to construct the additional compressor facilities at its Delmont Compressor Station and the five new compressor stations in Pennsylvania, which have been hereinbefore described in connection with Texas Eastern's application and to lease them to Texas Eastern Transmission Corporation. Penn-Jersey also proposes to modify certain existing compression facilities, now leased and operated by Texas Eastern, in order to increase their capacity without changing their horsepower rating. The estimated over-all capital cost of such additions and modifications is approximately \$11,197,000.

Each of the four independent producers seek authority to sell natural gas to Texas Eastern from the Rayne Field in Acadia Parish, Louisiana. The interest of the various



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applicants are set forth in their respective applications. Each contract provide for payment of an initial price of 22.6¢ per Mcf by Texas Eastern to the producers and reimbursements to the producers of taxes levied upon and applicable to them as vendors up to a maximum of 1.3¢ per Mcf. Each contract also provide for escalation on November 1st of each year from 1958 through 1975 of 4 mills per Mcf. Provision is also made in the contract for redetermination of the sale price (upon notice), prior to the beginning of each of the five year periods beginning November 1, 1967 and November 1, 1972. The total amount of gas proposed to be sold by the four applicants and the producers represented by Continental amount to approximately 100,000 Mcf per day.

#### ISSUES AND CONTENTIONS

The issues involved in these proceedings included the question of Commission's jurisdiction over the facilities, services and sales proposed by the six applicants. In the case of Texas Eastern, there is also in issue the need for additional gas, the economic justification of the cost incurred and the life of the additional reserves to be made available to Texas Eastern, as well as the adequacy of the proposed additional facilities for the service which they are intended to perform. In the case of Penn-Jersey, the question of economically feasibility is at issue to a lesser extent, as well as the adequacy of the proposed facilities and the ability to finance them on a solid basis. In the case of the four independent producer applicants who propose to sell Rayne Field gas to Texas Eastern, the basic issues are the existence of adequate reserves to back up the contracts and the question whether any conditions as to proposed rates should be attached to and made a part of the certificates, if such certificates be found to be otherwise required by the public convenience and necessity.

The adequacy of the proposed reserves, the adequacy of the proposed facilities of the two pipeline companies and the estimates of cost of the said facilities are not contested by any of the parties.

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The New York and Philadelphia companies and Public Service contend that, if certificates of public convenience and necessity are to be issued to the applicants in the four producer cases, such certificates should contain conditions limiting the rates of the said producers, or providing that the proposed rates could only be collected under bond, pending a full investigation by the Commission of the propriety of such rates. The producer applicants insist that their gas has only been committed to Texas Eastern on the basis of the proposed rates and state that, if conditions are attached, consideration will be given to the disposition of the Rayne Field gas in markets not subject to this Commission's jurisdiction.

As a corollary to the conditions as to rates which they propose, those customers of Texas Eastern who seek such a condition must take the position that Texas Eastern does not need the Rayne Field gas at the price for which it is proposed to be sold to Texas Eastern by the applicants in the four producer cases here involved. Texas Eastern contends that it does need this gas and is joined in this position by some customer interveners who propose to take a part of it. Other customer interveners who seek additional gas appeared, during the hearing, to take a sort of in-between position and, as far as possible, avoid committing themselves as to the need of Texas Eastern for the additional gas at the prices proposed. It appears that this last group of customers would like to see Texas Eastern get the additional gas but have their tongue in their cheek and hope that the Commission may later (in a rate proceeding)

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require the producers to reduce the rate at which the gas from the Rayne Field is sold to Texas Eastern.

The applications of Marr and Sun seek in the alternative, for a disclaimer of jurisdiction or (if the Commission finds that the sales in question are subject to Commission jurisdiction) for certificates of public convenience and necessity. Continental and General Crude did not present their applications in the alternative but did attempt (by the language contained therein) to reserve a position that they were not "natural-gas companies" under the provisions of the Natural Gas Act. Neither the Staff nor any of the interveners supported either the applications for a disclaimer or the reservations claimed by Continental and General Crude, and the positions generally taken by both the Staff and the interveners is inconsistent with either the Marr-Sun position or that of Continental and General Crude in these respects.

During the hearing, Staff Counsel offered an exhibit in the form of a compilation which bore the title "Impact upon purchased gas expense of Texas Eastern Transmission Corporation." the document and the supporting testimony, which was also identified as an

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exhibit, purported to show that the proposed 23.9 cent rate would (if permitted to become effective as an initial rate) automatically result in large increases in the cost to Texas Eastern of gas now being purchased by the pipe line. Such a conclusion is wholly contrary to the position heretofore consistently taken by this Commission that proposed escalations in price claimed by reason of "favored nation" clauses in contracts cannot become effective (except under bond and subject to refund) until approved by the Commission as rate increases. Both the exhibits and the testimony were rejected as invading the province of the Hearing Examiner and the Commission and not being evidence

of any fact, but merely unsupported contentions of the witness based upon *his examination* of the contracts on file as rate schedules and *his interpretation* of the language contained in the said contracts. The witness was not alleged to be a lawyer and specially qualified to interpret contracts for sale of gas.

Argument as to the propriety of the exclusion of the compilation (Exhibit No. 48 for Identification) and the supporting testimony of the witness Brinn (Exhibit No. 50 for Identification), which was presented in support thereof, was presented in the briefs of counsel. Staff Counsel takes the position, in his Brief that the case should be reopened and the producers required to submit evidence of production costs, preliminary to the issuance of any certificate.

The Staff made no request on the record for production costs during the hearing, but merely argued that a rate more consonant with the rates then being paid by Texas Eastern under existing contracts of the four independent producers with Texas Eastern should be required as a condition of any certificate authorized herein. Neither the Staff nor any of the interveners presented in evidence the portions of the other contracts between independent producers and Texas Eastern upon which they relied to support their allegations of anticipated "triggering" or of "attempts to trigger" which might entail upon such interveners the necessity of engaging in additional lawsuits and thereby incurring added burden as to time and money.

The Staff did put in evidence Exhibit No. 47, which is entitled "Summary of Certain Provisions of FPC Gas Rate Schedules in Specific Parishes of South Louisiana." With the exception of Page 15 which recites certain information as to points of delivery, volumes, quality and the original price (only) contained in the contracts with Texas Eastern, which describe the service for which the four independent producers seek a certificate here, this 17 page exhibit does not contain any information about sales

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by producers to Texas Eastern. The information contained on pages 1 through 14 and 16 and 17 of Exhibit No. 47 relate to existing contracts of producers with pipe line companies other than Texas Eastern and the rates now in effect thereunder. Moreover, Exhibit No. 47 fails to

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furnish any information as to at least two matters necessary, in any comparison, to a determination of reasonableness of rates, even if "fair field price" were to be determined. There is no showing in the exhibit as to either the volumes or the location of the reserves involved and the costs which each purchaser has incurred or will incur in transporting the gas from the point of acquisition to its main transmission system.

#### *The Evidence*

Witnesses were called by Texas Eastern or by customer interveners to support all of the proposed additional sales included in the present proposal, with one exception. In that case, an employee of a customer company who had been present during the earlier part of the session was obliged to return home prior to being reached in order of witnesses. The testimony of this intended witness had been prepared and circulated in advance and (by stipulation of counsel) was made a part of the record without a witness being present and without cross-examination, the prepared testimony being undisputed.

Two cities in the State of Illinois, which had originally proposed to take small volumes of additional natural gas, prepared no testimony for service and made no witnesses available in support of their request for gas. It was stated that these two communities never had taken all of the gas for which they are entitled under existing authorizations. By the amendment presented by Texas Eastern on November 22, (during the hearing) the services to these two

communities, which had been proposed in the original application, were deleted.

The prepared testimony, as presented, and the cross-examination of witnesses submitted either by customer companies or by Texas Eastern clearly establish the existence of a demand for the additional gas in a maximum volume of 101,660 Mcf per day at 14.73 of per square inch absolute. This need is hereinafter formally found.

The capability of the proposed facilities of Texas Eastern and Penn-Jersey to transport the proposed additional volumes of natural gas for which authority is sought in these proceedings was established by the testimony of witnesses and the supporting exhibits which they presented and explained. It was also established by the evidence that the estimates of cost of facilities in the amount of \$37,435,000 in the case of Texas Eastern and \$11,197,000 in the case of Penn-Jersey were reasonable estimates, based upon the current cost of material and labor and upon the previous experience of the two applicants in the installation of similar

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transmission facilities heretofore authorized.<sup>1</sup>

Ability to finance the proposed additional facilities of the pipeline applicants was established as firmly as such ability can be established, prior to issuance of the securities which must be sold to raise funds for construction. Texas Eastern proposes to furnish all of the capital needed by Penn-Jersey, through purchase of additional common stock and notes of the latter company.

<sup>1</sup> The following statement appears on page 3 of the Brief of Commission Staff Counsel in these proceedings, filed December 27, 1957

"The staff after review of the data submitted by these pipeline companies raises no questions as to the costs as estimated or to the ability of the facilities to transport the volumes of gas for which they are designed."



The capital requirements of Texas Eastern for the construction proposed in Docket No. G-12446 and for acquisition of securities issued by Penn-Jersey to pay for the construction of the facilities proposed in Docket No. G-12447 are to be met by the issuance of \$40 million of First Mortgage Pipeline Bonds and the sale of \$10 million of Sinking Fund Preferred Stock. It is estimated that, as a result of this financing, the retirement of securities pursuant to sinking funds, and additions to earned surplus anticipated during 1958, the consolidated capitalization of Texas Eastern, as of December 31, 1958, will consist of approximately 66.3 percent debt and 33.7 percent classified as equity by Texas Eastern. The debt will be divided into Bonds (45.5 percent), Debentures (9.4 percent) and Other Debt (11.4 percent). The equity classification will be divided into Sinking Fund Preferred (10.7 percent), Convertible (4. percent) and Common Equity (19.0 percent). While the percentage of Common Equity is on the low side, the total equity does not appear unreasonably low or unjustified. This is especially true when the additions proposed are intended to afford increased service to an established market. Expenditures for such increased service are less speculative and therefore afford better security to the investor than expansion on a similar scale to serve new and untried markets.

Texas Eastern presented testimony as to adequacy of reserves in the Rayne Field, Acadia Parish, Louisiana, owned and operated by the producer applicants and committed to Texas Eastern. This testimony was confirmed by the testimony of witnesses presented by the producers.

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In order to meet requirements of additional sales heretofore authorized in Docket No. G-12227 on September 30, 1957, and to provide the additional gas required for operation of compressors because of the changed design shown

in the amendments moved by Texas Eastern and Penn-Jersey on November 27, 1957, Texas Eastern presented new evidence of reserves available to it from sources other than the Rayne Field. The witness Watson, who is Vice President of DeGolyer and MacNaughton and presented as a gas reserve witness by Texas Eastern, testified that the estimated reserves in the Trevino Field in Mexico have been increased as a result of drilling of three successful wells, which show reserves of gas to be available from four additional sands to which no reserves were assigned in a previous estimate presented in Docket No. G-9784. In addition thereto, subsurface control, by two of the three successful wells referred to in the last sentence, has increased the estimate of reserves available to Texas Eastern from four other sands in the said Trevino Field.

A showing of availability of gas from reserves under contract to or otherwise available to Texas Eastern was presented by the witness Tillery which indicated that no deficiency will occur prior to 1969, if spot purchases continue at the present rate. He also expressed the opinion that full requirements can be met for 13 years from January 1957, with declining deliveries thereafter.

The evidence of reserves was made available to the Staff of this Commission well in advance to the hearing, and cross-examination by Staff did not go beyond clarification, moreover, Staff Counsel did not see fit to question the adequacy of reserves available to Texas Eastern from sources other than the Rayne Field. Staff Counsel did, however, dispute the desirability of authorizing the sale of gas by independent producers to Texas Eastern from the Rayne Field as proposed in the contracts and in the applications of the independent producers. It is admitted by both the Staff and Texas Eastern that a certificate for the proposed facilities would not be justified by the record if the independent producers did not make the proposed sales to Texas Eastern, either because the issuance of a certificate is too

long delayed or because the terms of the certificates issued were unacceptable to the producers.

There is no suggestion of affiliation between either Texas Eastern or Penn-Jersey and any of the independent producers joined in these proceedings. Negotiations were conducted at arms length and over a considerable period of time. The reserves committed are among the largest reserves contracted to any pipe line company from a single field in recent years. The Rayne Field contains one of the largest single reserves in South Louisiana and the reserve involved is larger than any single reserve yet developed in the offshore area. It was the largest uncommitted reserve in South

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Louisiana being offered for sale, which is reasonably convenient to the line of Texas Eastern, and deliveries can commence as soon as pipe line facilities can be constructed.

Whether either Texas Eastern or this Commission are happy about the admittedly high price to be paid for gas is not controlling here. There is evidence that the Rayne Field gas which Texas Eastern proposes to purchase from Continental, Marr, Sun, General Crude and the other producers represented by Continental cannot be acquired at an initial price lower than the 22.6 cents, plus 1.3 cents for tax reimbursement, provided for in the contracts here, which apparently resulted from free and open negotiation. The only compulsion which is indicated by the record is that resulting normally from the purchaser's pressing need for additional gas and the attractiveness of competing offers made to the sellers for their product.

Continental is the discoverer of the field and the operator of all but one of the units involved. The Rayne Field is Continental's only major gas discovery in South Louisiana in almost ten years of active exploration. Between the discovery of the East Moss Lake Field in 1944 and the

Rayne discovery (the first well was completed as a producer by Continental in December, 1953), Continental had drilled 173 wells in South Louisiana, including about 40 wildcat wells. Of the 40 wildcat wells, 10 discovered relatively small quantities of gas. Four of the ten wells discovered new fields with additional total reserves of 67.8 billion cubic feet and six extended known producing fields by adding estimated total additional reserves of 110.24 billion cubic feet. Of the remaining 30 wildcat wells, two were completed as oil wells and 28 were found to be dry holes and abandoned.

By the contracts here under consideration, the producer applicants have committed to Texas Eastern (and indirectly to Texas Eastern's utility customers and the consumers served by these utilities) approximately 800 billion cubic feet of gas from the Rayne Field. The significance and importance to Texas Eastern of the acquisition of a reserve of this magnitude becomes quite apparent when compared with the total volume of less than 180 billion cubic feet previously disclosed by about 10 years of exploration by Continental. This gas can be brought into Texas Eastern's system by construction of 22-miles of 14-inch pipeline and one 22 horsepower compressor station at a total cost to Texas Eastern of approximately \$1,204,000 and \$1,333,000 respectively, the remainder of the cost here involved being for the purpose of increasing Texas Eastern's service and deliveries to its utility customers by expansion of its main transmission line and that of its wholly-owned subsidiary—Penn-Jersey. There is no showing by the Staff or any intervener that any similar volumes can be acquired by Texas Eastern either at a lower purchase price or a lower cost of

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connecting facilities. As pointed out in the case of Seaboard Oil Company, Operator, et al., Docket No. G-11970

et al., (in which case the Initial Decision rendered December 20, 1957 was adopted by Commission action of March 31, 1958)<sup>2</sup> the burden of going forward with evidence as to any condition proposed to be attached to a certificate is upon the party or parties seeking the attachment of such a condition. This burden has not been met in the present instance and there has been no evidence introduced which would even constitute a serious attempt to meet such a burden.

Upon the record as a whole it is impossible to find evidentiary support which will justify the re-opening of the case and requiring the producer applicants to present further evidence. Such action on the part of the Presiding Officer or of the Commission would necessarily result in the type of extended hearing on rates which the Commission has condemned in the Seaboard case heretofore cited, as unduly delaying the connection of gas to an established system and for the use of existing customers of such a system. In the present case, the record shows that approximately 500 separate lessor interests are involved and that great numbers of the agreements with those lessors are already delinquent because of the delay in construction of Texas Eastern's line and the beginning of gas purchases from the producers.

As previously stated, neither the Staff nor any interveners has presented evidence which contradicts the testimony of witnesses for the various applicants that the contract price for original deliveries is reasonable, in view of the price being paid by Texas Eastern for Mexican gas, some additional volumes of which will be purchased for use as compressor fuel to help transport the Rayne Field gas to Texas Eastern's market customers. The fact that the price here involved is a new high price for interstate sales from Acadia Parish is only one of several matters

<sup>2</sup> F.P.C. Opinion No. 309.



which we must consider. Another important factor is the fact that other purchasers were willing to pay a price which was comparable in every way, if not in fact higher, and that the choice of Texas Eastern as a customer, by the producers, was based largely upon that pipeline's ability to take the gas with a minimum of delay.

Once the certificate is granted and the deliveries begun, the Commission may, if it desires or if it appears appropriate, institute an investigation of the initial rate and if facts are developed which show the said initial rate to be unreasonable the Commission has power to require reduction to a reasonable rate. Meanwhile, consumers dependent upon Texas Eastern's utility customers for their gas supply will have the benefit of the improved service which the new source in the Rayne Field furnishes to Texas Eastern. Incidentally, the necessity of studying this question of the proposed rate condition appears to have already delayed the availability to Texas Eastern's customers of the additional supply for a considerable period.

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There is however one point at which we find ourselves troubled by a position taken by counsel for Sun during the oral argument. This is the argument that, if the contract price is approved as an initial rate, all fixed-time escalations must also be allowed. This is contrary to principles and policies repeatedly stated by this Commission since the decision of the Supreme Court in the Phillips Petroleum Company case in June, 1954.<sup>3</sup> There is no suggestion here of any temporary discount to assist a new pipe line company to build up its load. The gas from the Rayne Field will augment supply and service to existing customers.

<sup>3</sup> *Phillips Petroleum Company vs. Wisconsin*, 347 U.S. 672.



It was not possible when the contracts between the four producer applicants and Texas Eastern were signed, February 1, 1957 to know whether an increase of 4 mills in the price at which gas was sold would be justifiable on November 1st of 1958 or any year thereafter. Nothing that has intervened since February 1, 1957 has served to increase either our clairvoyance or that of the producers. It is therefore necessary to find that the proposed escalations are not now shown to be justified and to so condition the order issuing a certificate that the producer applicants must file an application for rate increase and justify each proposed November 1st increase, at or before the time when they become effective as established and allowed rates of the said producers. This is done to prevent the applicants taking advantage of any future court decision, which might find approval of an initial rate to have carried with it advance approval of step escalations, when they became due under provisions of a contract.

The price redetermination clauses contained in each of the four independent producer contracts with Texas Eastern need not be considered at this time. These clauses, contained in Article IX of each contract and immediately following the fixed escalation provisions hereinbefore discussed, contain (In Paragraph 4 of Article IX) specific recognition of the authority of this Commission, or any successor thereof to modify them or set them aside in case they conflict with or otherwise purport to limit the jurisdiction of the Commission. For the reasons stated they present no problem in the present certificate proceedings.

Upon the record, the several producer applicants in these proceedings appear to have made a "prima facie" showing that the sale of their gas to Texas Eastern at the proposed price is in the public interest and that the initial rate is not, in the light of the volumes involved and the comparable

cost of obtaining such gas from the only apparent reasonably certain alternative source

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(in Mexico) unconseionable or even unreasonable. Such "prima facie" showing is all that is required in a certificate proceeding. We cannot here predict the results of a possible rate investigation. This is especially true because of the uncertainty existing as to what basis the courts will eventually fix upon as the primary test of the reasonableness of producer rates.

Eventual justification of their rates, when questioned properly in a rate proceeding is a burden which the producers take when they seek a certificate for the sale of gas in interstate commerce for resale. There is no justification for increasing that burden by requiring that such producers present such justification in a certificate proceeding, where the only showing offered by any party for the purpose of questioning reasonableness of the rate is a tabulation of filed rates, under contracts (of various producers with other pipe lines) for sale of gas from other reserves which are not shown to be comparable as to accessibility, formation depths, anticipated volumes or the difficulties generally encountered in production of the wells.

For the reasons previously given and for those contained in the more formal findings hereinafter made, the certificates sought by the four producer applicants are hereinafter authorized, the only conditions thereto being provisions that under no circumstances (short of legislative action freeing all producer contracts and rates from this Commission's jurisdiction) shall the certificates hereinafter issued be construed as authorizing, in advance, any proposed periodic escalation.

The motion of Public Service Electric and Gas Company for dismissal or remand of the producer applications is

denied for reasons hereinbefore and hereinafter stated. The request of Staff Counsel for the reversal of the undersigned Presiding Officer's rulings rejecting the offer of Exhibits No. 48 and No. 50 is also refused for the reasons given during the hearing and in this Decision.

As previously stated the only questions raised by the Staff or any interveners in regard to the applications of Texas Eastern and Penn-Jersey were based upon the prices to be paid by Texas Eastern to the independent producer applicants. Since these questions have been resolved in favor of the applicants, the certificates sought by the two pipe line applicants are hereinafter authorized in accordance with their applications, as amended during the hearing.

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#### FURTHER FINDINGS AND CONCLUSIONS

Upon the facts in evidence, together with the pleadings and the briefs and arguments of counsel, it is further found and concluded that:

1. Texas Eastern Transmission Corporation is a Corporation organized and existing under the laws of the State of Delaware. Its principal place of business is at Shreveport, Louisiana.
2. Texas Eastern is a natural gas company which owns and operates, among other properties, a natural gas transmission system extending from the State of Texas to the Eastern Seaboard in the Philadelphia-Newark area. It is authorized to do business in the State of Texas, Louisiana, Arkansas, Missouri, Illinois, Indiana, Ohio, West Virginia, Mississippi, Alabama, Tennessee, Kentucky, Pennsylvania, New Jersey, New York, Oklahoma, Kansas, Colorado and Utah.

3. Texas Eastern seeks authorization in Docket No. G-12446, as amended, to construct and operate transmission facilities which have been described in its application, as amended, and in this decision and to modify certain existing facilities as also set out in the application, as amended, and in this decision.
4. Texas Eastern also seeks authorization here to lease and operate certain facilities proposed to be constructed and leased to it by Penn-Jersey in Docket No. G-12447 and to sell and deliver to existing customers additional volumes of natural gas up to a maximum volume of 101,660 Mcf per day at 14.73 Mcf, as more fully appears in the application and this decision.
5. The facilities for the construction or leasing and operation of which authorization is sought in Docket No. G-12446 will, when constructed or leased and when operation is begun, be facilities for the transportation and sale of natural gas for resale in interstate commerce and the proposed additional sales, for which authorization is sought in the said Docket No. G-12446, will be sales of natural gas for resale in interstate commerce, all subject to the jurisdiction of and requiring certification by this Commission.

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6. Texas Eastern Penn-Jersey Transmission Corporation is a corporation organized and existing under the laws of the State of Delaware. Its principal place of business is in Shreveport, Louisiana.
7. Penn-Jersey is and has heretofore been found by the Commission to be a natural gas company,

which is authorized to do business in the States of Pennsylvania and New Jersey, and owns a natural gas pipeline system constructed under authorization granted by and subject to the jurisdiction of this Commission. Facilities owned by Applicant consist of a pipeline system extending from the Oakford Storage Field in Westmoreland County, Pennsylvania to Texas Eastern's Compressor Station No. 26, near Lambertville, New Jersey. Penn-Jersey is a wholly-owned subsidiary of Texas Eastern, and its system is interconnected with that of Texas Eastern, which operates, under lease, all of Penn-Jersey's facilities.

8. Penn-Jersey seeks authorization in Docket No. G-12447, to construct the additional compressor facilities described in its application, as amended, and to lease them to Texas Eastern Transmission Corporation. Penn-Jersey also proposes to modify certain existing compressor facilities, now leased and operated by Texas Eastern. The estimated over-all capital cost of such additions and modifications is approximately \$11,197,000.
9. The facilities which Penn-Jersey seeks authority in Docket No. G-12447 to construct and to lease to Texas Eastern for operation, as well as the facilities now under certification by this Commission which Penn-Jersey now proposes to modify, are facilities for the transportation and sale of natural gas in interstate commerce for resale and their construction, leasing and modification are subject to the jurisdiction of this Commission.
10. Continental Oil Company is a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, with its principal

place of business at Houston, Texas. It is authorized to do business in each of the 48 states of the United States and in the District of Columbia.

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11. Continental seeks authorization in Docket No. G-12432 to sell and deliver to Texas Eastern in the Rayne Field, Acadia Parish, Louisiana, natural gas produced in the said field, as more fully appears in the application and in the contract datde February 1, 1957, which is in evidence as part of Hearing Exhibit No. 3 in these consolidated proceedings.
12. The application of Continental in Docket No. G-12432 covers the interests of the following parties as owners of minor undivided interests in some of the leases which are subject to the Gas Sales Contracts: Kirby Vensyn Petroleum Company, Texas Gas Exploration Corporation, Walter J. Crawford, Nitis H. Hooks, Royalty Corporation of Beaumont, C. B. Claypool, Harry Lucas, Jr., Philip B. Lucas, H. E. Dishman and F. J. Muller. Each of these parties has authorized Continental to file on its behalf.
13. Continental is and has heretofore been found to be a natural gas company, as the term has now been found to be defined in the Natural Gas Act, each of the owners of minor undivided interests for whom Continental has filed in Docket No. G-12432 is or will be a natural gas company when delivery of gas to Texas Eastern is begun on its or his behalf by Continental, and the proposed sale for which a certificate is here sought by Continental is a sale of natural gas in interstate com-



merce for resale, subject to the jurisdiction of this Commission.

14. M. H. Marr is an individual resident of the city and county of Dallas, Texas. His principal business is the production and selling of natural gas and crude oil. A part of the gas which Marr produces is gathered and sold to purchasers which have heretofore been found to be natural gas companies within the meaning of the Natural Gas Act.
15. Marr denies that he is a "natural-gas company" as that term is defined in the Natural Gas Act and asks in Docket No. G-12885 for a disclaimer of jurisdiction by this Commission, or (in the alternative) for a certificate of convenience and necessity authorizing the sale and delivery to Texas Eastern in the Rayne Field, Acadia Parish, Louisiana of natural gas produced by or for Marr in the said field, as more fully appears in the application and in the contract dated February 1, 1957, which is attached to the said application as Exhibit A thereof.

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16. Upon the beginning of deliveries of natural gas by Marr to Texas Eastern in the Rayne Field for resale in interstate commerce, Marr will be engaged in the sale in interstate commerce of the said gas for resale and will be a natural gas company within the meaning of that term in the Natural Gas Act, as now interpreted; and the sale and delivery of natural gas by Marr to Texas Eastern, proposed in his application in Docket No. G-12885, will be subject to the jurisdiction of this Commission.

17. Sun Oil Company is a corporation organized under the laws of the State of New Jersey. Its principal business is the production, transportation, refining, and selling of crude oil, and the marketing of refined products recovered from crude oil. "Inter alia", it has for many years been engaged, and is now engaged in the business of producing and gathering natural gas, and in selling a part of the gas which it produces to purchasers which are natural gas companies within the meaning of the Natural Gas Act.
18. Sun has applied to this Commission in Docket No. G-12913 for an Order of the Commission disclaiming jurisdiction over the facilities and sale of natural gas described therein, or (in the alternative) a Certificate of Public Convenience and Necessity pursuant to the Commission's Order No. 174-B to authorize the sale by Sun of the said gas, which, is produced in the Rayne Field, Acadia Parish, Louisiana to Texas Eastern in accordance with the contract between Sun and Texas Eastern, dated February 1, 1957, and in evidence as part of Hearing Exhibit No. 3 in these proceedings.
19. Sun is and has heretofore been found to be a natural gas company, as the term has now been found to be defined in the Natural Gas Act, and the proposed sale for which a certificate is sought by Sun is a sale of natural gas in interstate commerce for resale, subject to the jurisdiction of this Commission.
20. General Crude Oil Company is a corporation organized under the laws of the State of Delaware, and has its principal place of business in Houston, Texas. It is authorized to do business in the

states of Arkansas, Colorado, Delaware, Kansas, Louisiana, Nebraska, New Mexico, North Carolina, North Dakota, South Dakota, Oklahoma and Texas.

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21. General Crude has filed an application in Docket No. G-12931 for a certificate of public convenience and necessity pursuant to the Natural Gas Act, for the sale of natural gas to Texas Eastern Transmission Corporation, under a contract dated February 1, 1957, from the Rayne Field, Acadia Parish, Louisiana, as more fully appears in the application of General Crude and in the said contract, which is in evidence here as part of Exhibit No. 3. It denies that the sale is subject to the jurisdiction of the Commission, but files its application pursuant to Order No. 174-B of the Commission. Deliveries were not being made under the aforesaid contracts on June 7, 1954.
22. General Crude is and has heretofore been found to be a natural gas company, as the term has now been found to be defined in the Natural Gas Act, and the proposed sale for which a certificate is here sought by General Crude is a sale of natural gas in interstate commerce for resale, subject to the jurisdiction of this Commission.
23. The reserves from the Rayne Field, Acadia Parish, Louisiana, made available to Texas Eastern under contracts of that company with the several producer applicants herein together with the additional reserve available to Texas Eastern from Mexico and from the 3rd, 4th and 6th Railroad Commission Districts in Texas by reason of revised estimates, are adequate to supply the addi-

tional demand on Texas Eastern's system for which it was directed in Opinion No. 296 to present a further reserve showing, and to supply the 101,660 Mcf per day maximum additional demand, for the supplying of which to existing customers authority is sought by Texas Eastern in Docket No. G-12446, as well as the additional compressor fuel required for transportation of the additional volumes here proposed.

24. The proposed facilities of Texas Eastern described in the application in Docket No. G-12446; as amended and the proposed facilities described in the application of Penn-Jersey in Docket No. G-12447, as amended are adequate in each case to perform the services and make the deliveries proposed by the two pipe line companies in these proceedings.

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25. The estimated cost of the facilities for which certificates are sought by Texas Eastern in Docket No. G-12446 and by Penn-Jersey in Docket No. G-12447 are reasonable and the said two applicants are financially able to construct the said facilities.
26. The leasing by Penn-Jersey to Texas Eastern of the facilities for which a certificate is sought in Docket No. G-12447 and their operation by Texas Eastern as proposed in the application in Docket No. G-12446 is identical with the manner in which the existing facilities of Penn-Jersey are now leased to and operated by Texas Eastern and appears to be consonant with the public interest.
27. The services, sales, operation and construction proposed in Docket No. G-12446 by Texas Eastern

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are and will be required by the present and future public convenience and necessity.

28. The construction and leasing to Texas Eastern of the facilities described in the pleadings in Docket No. G-12447 by Penn-Jersey are and will be required by the present and future public convenience and necessity.
29. The natural gas reserve dedicated to Texas Eastern by Continental, Marr, Sun and General Crude by their respective contracts with Texas Eastern, dated February 1, 1957, and by the other owners represented by Continental under their contracts of March 27, April 5 and 11, and May 2, 1957, are adequate for the performance of the service and the delivery of the volumes of natural gas for which certificates are sought by Continental in G-112432, by Marr in G-12885, by Sun in G-12913 and by General Crude in G-12931.
30. The service and sale to Texas Eastern proposed by each of the independent producers filing or represented in the proceedings in Docket Nos. G-12432, G-12885, G-12913 and G-12931 are and will be required by the present and future public convenience and necessity.
31. In the course of the hearing, each of the four producer applicants in these consolidated proceedings made a *prima facie* showing of the reasonableness of the proposed initial rate at which it, or any interest represented by it, seeks to sell and deliver gas from the Rayne Field to Texas Eastern, in the light of the comparable volumes involved,

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the competitive markets involved and the comparative cost of acquiring (in Mexico) and transport-

ing equal volumes of gas from the Mexican border at the Rio Grande to Acadia Parish, Louisiana.

32. There is no showing by the Staff or by any intervenor that the proposed initial rates are unreasonable, or will in fact, result in any increase in price of other natural gas to Texas Eastern or any other interstate pipeline.

33. Neither the record in these consolidated proceedings nor any evidence offered by any of the parties during the hearing justifies or requires the exercise of the Commission's right to attach, to the issuance of a certificate for any of the independent producers here under consideration, any conditions as to the initial rate or price at which gas is to be sold and delivered to Texas Eastern in the Rayne Field.

34. There is no showing in this record that the proposed initial rate at which gas is to be sold and delivered by the four producer applicants to Texas Eastern is unduly or unreasonably low or that the value of the said gas will be any greater than at present on the 1st day of November of the year 1958 or of any subsequent year.

35. The public convenience and necessity require that each of the certificates issued in Docket Nos. G-12432, G-12885, G-12913 and G-12931 contain a condition that issuance of the said certificates shall, under no conditions or circumstances be deemed or held to authorize any of the proposed annual escalations beginning November 1, 1958, to become effective without the filing by each certificate holder of notice of the proposed escalation as a rate increase, subject to whatever statutory powers this Commission may then have to suspend



rate increases or to enter upon a hearing as to the reasonableness of such increases in the light of the circumstances and conditions then existing.

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WHEREFORE, IT IS ORDERED, subject to review by the Commission, as provided by its Rules of Practice and Procedure, that:

- A. A certificate of public convenience and necessity be and the same is hereby issued in Docket No. G-12446 authorizing Texas Eastern Transmission Corporation to construct and operate the additional transmission and measuring facilities described in its application, as amended, to modify certain of its existing compressors as proposed in the said application as amended, to sell and deliver to present customers the additional volumes of gas proposed in the application in the maximum amount of 101,660 Mcf per day at 14.73 psia, and to lease and operate the facilities of Texas Eastern Penn-Jersey Transmission Corporation described in that company's application in Docket No. G-12447 as amended, and for the construction of which a certificate is hereinafter issued.
- B. A certificate of public convenience and necessity be and the same is hereby issued in Docket No. G-12447 authorizing Texas Eastern Penn-Jersey Transmission Corporation to construct the additional transmission facilities described in its application, as amended, to lease the said additional facilities to Texas Eastern Transmission Corporation for operation, and to modify certain of its existing compressors, now under lease to Texas Eastern, as proposed in its said application in Docket No. G-12447 as amended.

- C. The construction and modification of facilities certificated in Paragraphs (A) and (B) hereof shall be commenced within 45 days from the date of issuance of this order.
- D. A certificate of public convenience and necessity be and hereby is issued in Docket No. G-12432, to Continental Oil Company, authorizing the sale and delivery to Texas Eastern Transmission Corporation of the volumes of natural gas from the Rayne Field in Acadia Parish, Louisiana, described and provided

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for in the contract of February 1, 1957, between Continental Oil Company, as seller and Texas Eastern as buyer and the subsequent contracts of March 27, 1957; between F. J. Muller as seller and Texas Eastern as buyer, of April 5, 1957 between Kirby Vensyn Petroleum Company as seller and Texas Eastern as buyer, of April 11, 1957 between Texas Gas Exploration Company as seller and Texas Eastern as buyer, and of May 2, 1957 between H. E. Dishman, Walter J. Crawford, Philip B. Lucas, C. B. Claypool, Harry Lucas, Jr., Nitis H. Hooks and Royalty Corporation of Beaumont as sellers and Texas Eastern as buyer, together with the construction and operation of any facilities subject to the jurisdiction of this Commission necessary therefor, subject to the terms and conditions of this order.

- E. Certificates of public convenience and necessity be and hereby are issued in Docket No. G-12885 to M. H. Marr, in Docket No. G-12913 to Sun Oil Company and in Docket No. G-12931 to General Crude Oil Company authorizing the sale and de-

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livery by them to Texas Eastern Transmission Corporation of the volumes of gas from the Rayne Field in Acadia Parish, Louisiana described and provided for in their respective contracts of February 1, 1957 with Texas Eastern as buyer, together with the construction and operation of any facilities subject to the jurisdiction of this Commission necessary therefor, subject to the terms and conditions of this order.

- F. The certificates issued in Paragraphs A, B, D, and E hereof shall be accepted in writing under oath by a responsible official of the respective applicants within 30 days from the issuance of this order.

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- G. The grant of the certificates herein shall not be construed as a determination of the justness or reasonableness of the initial or subsequent prices contained in the gas purchase contracts, nor as a waiver of the requirements of Section 4 of the Natural Gas Act, or of Section 154 of the Commission's Rules and Regulations thereunder requiring the filing of rate schedules for the service herein authorized; and is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against the applicants. Further, the action in this proceeding shall not foreclose nor prejudice any future proceeding or objection relating to the operation of any price or related provision in the gas purchase contracts herein involved.

- H. Nothing contained in this order shall, under any circumstances or construction of existing law, be construed as authorizing any price escalation on

November 1, of 1958, or any subsequent year, as provided in Article IX, Section 1 of each independent-producer contract or the sale and delivery of gas at any time at such proposed escalated price, without the filing of notice as a proposed rate increase and appropriate action by this Commission, or any successor thereof, as then provided by Statute.

- I. It is the intent and purpose of this order that the certificates of public convenience and necessity issued in Paragraphs A, B, D and E shall be interdependent and that no construction of facilities or delivery of natural gas under and by virtue of said certificates shall be commenced until each and all of said certificates shall have been accepted.
- J. The general terms and conditions set forth in paragraphs (a), (c)(1), (c)(3), (c)(4) and (e) of Section 157.20 of the Commission's Regulations under the Natural Gas Act, shall attach to the issuance of the certificates granted in Paragraphs A, B, D, and E hereof, and to the exercise of the rights granted thereunder.

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- K. The time within which the facilities hereby authorized shall be constructed and placed in actual operation as provided by Paragraph (b) of Section 157.20 of the Commission's Regulations under the Natural Gas Act is hereby fixed at eight months from the date on which this order issues.

GLEN R. LAW  
*Presiding Examiner*

Filed: April 15, 1958  
 Issued: April 15, 1958

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BEFORE THE  
FEDERAL POWER COMMISSION

Docket No. G-12913

In the Matter of  
SUN OIL COMPANY

**Notice of Withdrawal of Certificate Application**

Pursuant to Section 1.11(c) of the Commission's Rules of Practice and Procedure, Sun Oil Company hereby gives notice of withdrawal of its application for a certificate of public convenience and necessity in the above-entitled proceeding in Docket No. G-12913. The reason for the withdrawal of the application is the fact that on July 8, 1958 Sun Oil Company terminated and cancelled its contract of February 1, 1957 with Texas Eastern Transmission Corporation covered by its application in Docket No. G-12913.

SUN OIL COMPANY

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*Attorneys*

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DISTRICT OF COLUMBIA: SS

Robert E. May, being first duly sworn, deposes and says that he is an attorney for Sun Oil Company; that as such he has signed the foregoing "Notice of Withdrawal of Certificate Application"; that he is authorized so to do; that he has read said Notice and is familiar with the contents thereof; and that the same are true and correct to the best of his information, knowledge and belief.

ROBERT E. MAY

Subscribed and sworn to before me, a Notary Public, this 9th day of July, 1958.

THOMAS C. EVANS  
Notary Public

(SEAL)

My Commission expires September 14, 1960.

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CERTIFICATE OF SERVICE



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BEFORE THE  
FEDERAL POWER COMMISSION

Docket No. G-12885

In the Matter of  
M. H. MARR

**Notice of Withdrawal of Certificate Application**

Pursuant to Section 1.11(a) of the Commission's Rules of Practice and Procedure, M. H. Marr hereby gives notice of withdrawal of his application for a certificate of public convenience and necessity in the above-entitled proceeding in Docket No. G-12885. The reason for the withdrawal of the application is the fact that on July 14, 1958, M. H. Marr terminated and cancelled his contract of February 1, 1957, with Texas Eastern Transmission Corporation covered by his application in Docket No. G-12885.

M. H. MARR

By DONLEY C. WERTZ  
*His Attorney*

3424

STATE OF TEXAS  
COUNTY OF DALLAS

Donley C. Wertz, being first duly sworn, deposes and says that he is an attorney for M. H. Marr; that as such he has signed the foregoing "Notice of Withdrawal of Certificate Application"; that he is authorized so to do; that he has read said Notice and is familiar with the contents thereof; and that the same are true and correct to the best of his information, knowledge and belief.

DONLEY C. WERTZ

(3428)

Subscribed and sworn to before me, a Notary Public,  
this 15th day of July, 1958.

MARIE MERTON  
Notary Public in and for  
Dallas County, Texas

My Commission expires June 1, 1959.

**3425-3427A**

**Certificate of Service**

**3428**

BEFORE THE  
FEDERAL POWER COMMISSION

Docket No. G-12931

In the Matter of  
GENERAL CRUDE OIL COMPANY

**Notice of Withdrawal of Certificate Application**

General Crude Oil Company (General Crude), Applicant in Docket No. G-12931, pursuant to Section 1.11(d) of the Commission's Rules of Practice and Procedure, files this notice of withdrawal of its Application for Certificate of Public Convenience and Necessity, filed on July 22, 1957, and submits the following reasons for such withdrawal:

The Gas Sales Contract between General Crude, as Seller, and Texas Eastern Transmission Corporation, as Buyer, dated February 1, 1957, a copy of which is on file in Docket No. G-12931, provides that if all necessary Applications for Certificates of Public Convenience and Necessity and other governmental authorizations necessary to effect such sale have not been obtained prior to September 1, 1957, then either party thereto may cancel and terminate the contract. Pursuant to such provision General Crude has terminated

(3429)

3429

and cancelled said contract by notice to Texas Eastern in accordance with the provisions of Article I, paragraph 2(a) thereof. Accordingly, there no longer exists a contract for the sale of gas covering General Crude's interest in the Rayne Field, Acadia Parish, Louisiana, on which to base its Application heretofore filed, and its said Application should therefore be withdrawn.

Respectfully submitted,

GENERAL CRUDE OIL COMPANY

W. P. BERNARD

*Chief Accountant*

3430

STATE OF TEXAS  
COUNTY OF HARRIS

W. P. Bernard, being first duly sworn, deposes and says that he is the Chief Accountant for General Crude Oil Company; that as such he has signed the foregoing "Notice of Withdrawal of Certificate Application"; that he is authorized so to do; that he has read said Notice and is familiar with the contents thereof; and that the same are true and correct to the best of his information, knowledge and belief.

W. P. BERNARD

Subscribed and sworn to before me, a Notary Public, this the 30th day of July, 1958.

ROSELLE DAVISSON  
*Notary Public in and for  
Harris County, Texas*

3431-3434

Certificate of Service

3438

F.P.C. DOCKET NOS. G-12446 & 12447  
TEXAS EASTERN TRANSMISSION CORPORATION

## INDEX

<i>Exhibit</i>	<i>Title</i>
M-1	Maps
M-2	Summary of Estimated Capital Cost—Texas Eastern
M-3	Net Adjustments to Transmission Operation and Maintenance Expenses
M-4	Summary of Estimated Capital Cost—Penn-Jersey
M-5	Comparison of Estimated Construction Costs—Texas Eastern
M-6	Comparison of Estimated Construction Costs—Penn-Jersey
M-7	Explanation of Maps
M-8	Income Revenues and Expenses
M-9	Cost of Service

3439

BEFORE THE  
FEDERAL POWER COMMISSION  
UNITED STATES OF AMERICA

Docket No. G-12446; G-12447

In the Matter of

TEXAS EASTERN TRANSMISSION CORPORATION  
TEXAS EASTERN PENN-JERSEY TRANSMISSION CORPORATION

**Petition To Reopen Hearing and To Amend Applications For  
Certificates of Public Convenience and Necessity Pursuant  
To Section 7(c) of the Natural Gas Act**

Now comes Texas Eastern Transmission Corporation (Texas Eastern) and Texas Eastern Penn-Jersey Transmission Corporation (Penn-Jersey) and, pursuant to the provisions of Section 1.7 and 1.33 of the Commissioner's Rules and Regulations, files this Petition to reopen the hearing and to amend the applications currently pending before the Federal Power Commission. In support of this Petition, Petitioner states as follows:

I.

The name, title and mailing address of the person to whom correspondence and communications concerning the applications are to be addressed is:

Walter E. Caine, Vice President  
Texas Eastern Transmission Corporation  
Texas Eastern Building  
Shreveport, Louisiana

Copies should be sent to:

Keith M. Pyburn  
Texas Eastern Transmission Corporation  
Suite 825, 425 Thirteenth Street, N.W.  
Washington 4, D. C.

3440

W. D. Deakins  
1145 Esperson Building  
Houston 2, Texas

and

Robert M. Harris, Manager of Certificates  
Texas Eastern Transmission Corporation  
Texas Eastern Building  
Shreveport, Louisiana

## II.

On April 22, 1957, Applicants filed their original application herein for Certificates of Public Convenience and Necessity which were consolidated with applications of Continental Oil Company, Docket No. G-12432; M. H. Marr, Docket No. G-12885; Sun Oil Company, Docket No. G-12913; and General Crude Oil Company, Docket No. G-12931 and on October 18, 1957, notice of hearing in the consolidated dockets was given. The hearing convened on November 19, 1957, and concluded on November 25, 1957, and the record was closed on December 9, 1957.

On April 15, 1958, the Presiding Examiner made findings and conclusions and issued an Order, subject to review by the Commission, granting Certificates of Public Convenience and Necessity to Texas Eastern and Penn-Jersey and the Applicants in the other consolidated dockets substantially in accordance with the applications, as amended, to which decision reference is made for the purpose of this petition.

Exceptions to the decision of the Presiding Examiner were filed by the Staff of the Commission, Sun Oil Company, Applicant in Docket No. G-12913, Public Service Commission of the State of New York, Public Service Electric and Gas Company and United Gas Improvement Company. At the time of filing of this petition no action has



been taken by the Commission with reference to the exceptions to the Examiner's decision.

3441

### III.

Shortly prior to the hearing on these applications, it became necessary to amend and applications to eliminate a substantial part of the then proposed pipe line additions because of the inability at that time to secure pipe in sufficient quantities to permit construction of the facilities as planned. Compression facilities were therefore substituted for a large part of the pipe, as described on page 7 of the Examiner's decision. Shipping schedules for the gas turbine prime movers which were proposed to be used in the construction program to replace the pipe have deteriorated so that now it will be impossible to install all such gas turbines in time to meet the schedules for the proposed deliveries of gas which are to commence not later than November 1, 1958. Sufficient quantities of pipe are now available, so that it is possible to substitute pipe for some of the gas turbine movers and complete the project in time to make the deliveries during the winter of 1958-1959. It is proposed in this amended application to modify the design of the facilities accordingly.

### IV.

In addition to the pipe line loops and the compression facilities referred to above, Texas Eastern's application herein seeks authority to construct and operate 22 miles of 14-inch pipe line and related facilities for the purpose of transporting gas from the Rayne Field in Acadia Parish, Louisiana, to Opelousas. Applications for Certificates of Public Convenience and Necessity for the sale of natural gas to Texas Eastern from the Rayne Field were filed by

## 3442

Continental Oil Company (Continental) in Docket No. G-12432; by M. H. Marr (Marr) in Docket No. G-12885; by Sun Oil Company (Sun) in Docket No. G-12913 and by General Crude Oil Company (General Crude) in Docket No. G-12931. The application of Continental also covered the interests of certain minority interest owners in the Rayne Field. The evidence adduced at the hearing showed that each of the aforementioned independent producers proposed to sell natural gas to Texas Eastern from the Rayne Field under a gas purchase contract providing for an initial price of 22.6¢ per Mcf plus certain tax reimbursements. Each contract also provided for an annual price escalation in the amount of four mills per Mcf on November 1 of each year from 1958 through 1975 with provisions for price redeterminations prior to the beginning of each of the five year periods commencing on November 1, 1967 and November 1, 1972. It was established that the gas reserves committed to Texas Eastern under such gas purchase contracts amounted to approximately 800 billion cubic feet of gas, and the total of the initial contract quantities thereunder was approximately 100,000 Mcf of gas per day.

Although the Presiding Examiner rendered a decision herein granting a Certificate of Public Convenience and Necessity to each of the above named independent producers, such decision has been appealed to the Commission by the Staff of the Commission, Sun, the Public Service Commission of the State of New York, Public Service Electric and Gas Company and The United Gas Improvement Company. During the pendency of such appeal, Sun, Marr and General Crude have each served notice of cancellation of its respective gas purchase contract with

**3443**

Texas Eastern and filed notice of the withdrawal of its application for Certificate of Public Convenience and Necessity. These gas purchase contracts cover approximately 45% of the total Rayne Field gas reserves.

In view of the foregoing and in order to avoid the loss of all or part of the major gas supply contained in the Rayne Field, Texas Eastern has carried on negotiations for the purchase of the leasehold interests formerly committed to its contract with Continental, Sun, Marr and General Crude. Such negotiations have now progressed to the point where the necessary documents are being finalized for execution by the parties. In reopened proceedings Texas Eastern will show that the effect of its acquisition of such leasehold interests will be to reduce and stabilize the cost of gas from the Rayne Field to the ultimate benefit of its customers. For example, Texas Eastern will show that through such acquisition, gas attributable to Texas Eastern's working interest in the Rayne Field can be produced at an average cost of service equal to approximately 20.7¢ per Mcf as compared to an average contract price of 26.6¢ per Mcf provided for under the gas purchase contracts previously submitted in this docket. Moreover, the acquisition of such leases by Texas Eastern will result in the cancellation of all of its existing contracts for the purchase of gas from the Rayne Field and thus eliminate any possible triggering effect upon the Favored Nations clauses of its other gas purchase contracts or

**3444**

any adverse effect upon price redetermination or Favored Nations clauses of other pipe line company contracts in the area. Finally, by acquiring the Rayne Field leases, Texas Eastern will achieve a much greater flexibility in

its operations which will result in a substantial additional ultimate saving to its customers.

## V.

Texas Eastern proposes herein the following modifications in the main line facilities as proposed in its application, as amended, and as set out on page 7 of the Examiner's decision:

1. Construct 12.5 miles of 30" pipe line loop on the intake side of the Wheelersburg, Ohio, compressor station and eliminate one 7,600 horsepower gas turbine driven centrifugal compressor previously proposed to be installed at Wheelersburg, Ohio.

2. Construct 16.3 miles of 30" pipe line loop on the intake side of the Berne, Ohio, compressor station and eliminate one 7,600 horsepower gas turbine driven centrifugal compressor previously proposed to be installed at Berne, Ohio.

3. Install an additional 13,600 horsepower in the Union Church Station, Jefferson County, Mississippi, in place of 12,300 horsepower as previously proposed, making a total horsepower in that station of 16,210 in place of 14,910.

The location of the facilities in question is shown on Exhibit M-1 and a comparison of the estimated capital cost of the facilities as originally proposed with those now proposed is set forth on Exhibit M-5 which shows an increase of \$303,000 or a revised total estimated capital cost of \$37,738,000.

**3445**

## VI.

Penn-Jersey proposes herein the following modification in the facilities as proposed in the application, as amended, and as set out on page 8 of the Examiner's decision:

(3445)

Construct 12.5 miles of 30" pipe line loop between the compressor station at Bechtelsville, Pennsylvania and Lambertville, New Jersey, and eliminate one 13,400 horsepower gas turbine driven centrifugal compressor station previously proposed to be installed at Station E, Bucks County, Pennsylvania.

The location of the facilities as revised is shown on Exhibit M-4 and a comparison of the estimated cost of the facilities as originally proposed with those now proposed is set forth on Exhibit M-6 which shows an increase of \$153,000 or a revised total estimated capital cost of \$11,350,000.

#### VII.

A substantial saving in operating expenses, with no change in service from that proposed in the original application, results from the proposed purchase by Texas Eastern of leasehold interests in the Rayne Field and the proposed modification of facilities. This saving, totalling \$1,419,700 for 1959, is made up of (1) \$801,600 in cost of gas, (2) \$358,100 in transmission, operation, and maintenance expense and (3) \$260,000 in compressor station fuel.

3446

#### VIII.

No other application to supplement or effectuate the proposal of Texas Eastern and Penn-Jersey is to be filed by either of them or any other person with any other federal, state or other regulatory body.

#### IX.

The following exhibits are filed herewith to show the effect upon the applications, as amended:

Exhibit M-1, page 1.

This exhibit shows sections of the flow diagram of the Texas Eastern system reflecting the conditions in the pipeline sections which are affected by the change from compression to pipe line loop. Further explanation of the exhibit is presented in an enclosure entitled "Explanation to Exhibit M-1" filed herewith as Exhibit M-7.

The balance of the flow diagram (Hearing Exh. 7, Docket No. G-12446) is unchanged.

#### Exhibit M-1, page 2.

This exhibit shows sections of the flow diagram for Penn-Jersey and reflects the conditions in the pipe line sections which are affected by the change from compression to pipe line loop. This

### 3447

exhibit is further explained in the "Explanation of Exhibit M-1" filed herewith as Exhibit M-7. The balance of the flow diagram (Hearing Exh. 7, Docket No. G-12446) is unchanged.

#### Exhibit M-2, pages 1, 2 and 3.

Page one of the exhibit is a summary of the estimated capital cost of the Texas Eastern system and tabulates Hearing Exh. No. 9 together with the proposed modification of that exhibit. Pages 2 and 3 show the detailed backup costs for the construction of the two pipe line loops.

#### Exhibit M-3.

This exhibit reflects the change in operating expenses for the year 1959 and is a modification of Hearing Exh. No. 11.



(3447)

**Exhibit M-4, pages 1 and 2.**

Page one of this exhibit is a summary of the estimated capital cost of the Penn-Jersey system and tabulates the information contained in Hearing Exh. 10 and the modification of that exhibit as proposed. Page two shows the detailed backup of the estimated construction costs of 12.5 miles of the 30" loop line on the Penn-Jersey system.

**3448**

**Exhibit M-5.**

This exhibit presents a comparison of the estimated construction costs of the Texas Eastern system as shown by Hearing Exh. 9, Docket No. G-12446 and as proposed by this amendment as reflected in Exhibit M-2.

**Exhibit M-6.**

This exhibit shows a comparison of the estimated construction costs of the Penn-Jersey system as shown by Hearing Exh. 10, Docket No. G-12447 and as proposed by this amendment as reflected in Exhibit M-4.

**Exhibit M-7.**

This exhibit is an explanation of Exhibit M-1, pages 1 and 2.

**Exhibit M-8.**

Exhibit M-8 is filed herewith as a modification of Hearing Exhibit 11 to reflect the changes in Revenues, Expenses and Income brought about by this amendment.

**Exhibit M-9.**

Exhibit M-9 is filed herewith as a modification of Hearing Exhibit 15 to show the effect of this amendment on the cost of service.

3449

## X.

Hearing Exhibits Nos. 30 through 40 in Docket No. G-12446 conclusively demonstrate that it is necessary for Texas Eastern to deliver the quantities of gas as proposed during the 1958-59 heating season in order that the customers seeking such service may adequately meet their market requirements. In view of the delay in filing this petition which was occasioned by the protracted negotiations in the consummation of the arrangements described in Paragraph IV above, Petitioners believe that the only means by which the facilities can be constructed in time to meet the delivery schedule is by the expeditious issuance of a temporary certificate authorizing the construction of the facilities and the sales, as proposed.

Because the proposals in the amendments to the application of Texas Eastern and Penn-Jersey present no great complications, good cause exists to omit the publication in the Federal Register of a notice of the reopened hearing; or in the alternative to combine the notice of amended application with the notice of hearing in order to expedite these proceedings. In that connection Texas Eastern says that it has served copies of this Petition on all interveners and participants which intervened and took part in the proceedings heretofore held.

3450

WHEREFORE, Petitioners request the Commission to reopen the proceedings in these dockets in order that Petitioners can submit evidence to substantiate the modifications of the facilities as herein proposed and at the conclusion thereof to issue Certificates of Public Convenience and Necessity authorizing Texas Eastern to construct and operate the facilities proposed to be constructed and operated by it and authorizing Penn-Jersey to construct the facilities proposed to be constructed by it and lease such

(3450)

facilities to Texas Eastern and authorizing Texas Eastern to lease and operate the facilities proposed to be constructed by Penn-Jersey and further authorizing Texas Eastern to make the sales and render the service proposed herein and for such other and further relief as is warranted in the premises.

Applicant further requests that, pending final determination of the Applications, as further amended hereby, the Commission issue temporary authorization, pursuant to the provisions of Section 157.17 of the Commission's Rules and Regulations, authorizing the construction of the modified facilities to commence as soon as possible and authorizing the sales proposed herein.

Respectfully submitted,

TEXAS EASTERN TRANSMISSION CORPORATION

and

TEXAS EASTERN PENN-JERSEY TRANSMISSION  
CORPORATION

Walter E. Caine, *Vice President*

**3625**

Docket No. G-12446

Texas Eastern Transmission Corporation

Docket No. G-12447

Texas Eastern Penn-Jersey Transmission Corporation

**AIRMAIL**

Texas Eastern Transmission Corporation and

Texas Eastern Penn-Jersey Transmission Corporation

Texas Eastern Building

Shreveport, Louisiana

Gentlemen:

Texas Eastern Transmission Corporation and Texas Eastern Penn-Jersey Transmission Corporation are hereby

granted temporary authority pursuant to Section 7 of the Natural Gas Act to construct and operate facilities and sell natural gas to Texas Eastern's customers as requested in their petition filed on October 29, 1958 in Docket Nos. G-12446 and G-12447. This authorization does not cover the proposed Rayne Field Lateral and Rayne Compressor Station.

This authorization is conditioned upon the receipt by the Commission on or before January 15, 1959 of a letter filed by duly authorized officials of Texas Eastern and Penn-Jersey accepting the temporary authorization hereby granted. The letter of acceptance shall contain a statement that in the event certificates of public convenience and necessity are denied by the Commission, with respect to the construction and operation of the whole or any part of the herein authorized facilities, the cost of construction of the whole or any part of such facilities shall be borne by the corporate stockholders and such cost will be removed from the plant investment and rate base of the respective corporations.

The letter of acceptance referred to above shall be accompanied by resolutions of Texas Eastern's and Penn-Jersey's boards of directors authorizing execution and acceptance of the same under the conditions herein stated.

Texas Eastern's 11 service agreements filed with its letters dated October 23, 1958 and October 27, 1958, are hereby accepted for filing effective as of the date of this authorization.

**3626 -**

This acceptance for filing shall not be construed as constituting approval of the service agreements or of any rate, charge, classification, or any rule, regulation or practice affecting such rate or service contained in your tariff; nor shall each acceptance be deemed as recognition of any claimed contractual right or obligation associated

(3626)

therewith; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against your companies.

The temporary authorization and acceptance of the above service agreements for filing are without prejudice to such final disposition of the applications for certificates as the record may require and is issued solely upon the representations made by Texas Eastern and Penn-Jersey that they are willing to construct and operate the facilities at their own risk.

By direction of the Commission.

J. H. GUTHRIE, *Secretary*

cc: Texas Eastern Transmission Corporation  
Suite 825  
425 Thirteenth Street, N.W.  
Washington 4, D. C.  
  
Mr. W. D. Deakins  
1145 Esperson Building  
Houston 2, Texas

RCC

LHF:tsm

12-4-58

cc: Files (3)

O.O.C. (2)

All Commissioners

Mr. Nelson

Secretary

**3638**

UNITED STATES OF AMERICA  
FEDERAL POWER COMMISSION

Docket No. G-12432

In the Matter of  
CONTINENTAL OIL COMPANY

**Conditional Notice of Withdrawal of Application For  
Certificate of Public Convenience and Necessity**

Continental Oil Company, herein called Continental, Applicant for a certificate of public convenience and necessity authorizing its sale to Texas Eastern Transmission Corporation, herein called Texas Eastern, of natural gas from the Rayne Field, Acadia Parish, Louisiana, pursuant to its contract of sale dated February 1, 1957, on file with the Federal Power Commission, herein called Commission, in accordance with Section 1.11(d) of the Commission's Rules of Practice and Procedure, files this Conditional Notice of Withdrawal of Application for Certificate of Public Convenience and Necessity heretofore filed with the Commission on April 17, 1957, conditioned only upon the granting by the Commission to Texas Eastern of a certificate of public convenience and necessity as

**3639**

applied for by Texas Eastern in its Motion to Reopen Hearing and To Amend Application in Docket Nos. G-12446 and G-12447, as the same have been supplemented September 25, 1958, December 4, 1958, and December 13, 1958, and recites the following reasons for such conditional withdrawal:

The applications of independent producers Continental, et al (Docket No. G-12432), M. H. Marr (Docket No. G-12885), Sun Oil Company (Docket No. G-12913) and General Crude Oil Company (Docket No. G-12931) were con-



(3639)

solidated for hearing with the applications of Texas Eastern (Docket No. G-12446) and Texas Eastern Penn-Jersey Transmission Corporation (Docket No. G-12447), and the Decision of the Presiding Examiner, after hearing, issued on April 15, 1958, granting all of said certificate applications subject to review of the Commission.

Subsequent to the issuance of said Decision, all of the above producers entered into negotiations with Texas Eastern to sell their gas in place, and at the request of all the above parties, no further action has since been taken by the Commission. As negotiations were firmed up, M. H. Marr, Sun Oil, and General Crude cancelled their sales contracts with Texas Eastern and by Notices, withdrew their certificate applications.

**3640**

Continental has now executed and delivered to Texas Eastern a contract of sale whereby Continental agrees to assign to Texas Eastern its leasehold rights in the same lands formerly dedicated to the gas sales contract, subject only to Texas Eastern acquiring a certificate under its amended application, all other prerequisites to such in place sale having been satisfactorily met. The effect of the acquisition of such certificate by Texas Eastern will be to nullify the gas sales contract, and render a certificate to make such sale to Continental unnecessary.

WHEREFORE, Continental respectfully requests that upon action of the Commission granting to Texas Eastern a certificate as now applied for, the application of Continental for a certificate of public convenience and necessity in Docket No. G-12432 be withdrawn, and should the Commission take any action other than to grant such certificate, that Continental be promptly notified.

**CONTINENTAL OIL COMPANY**

**BRUCE R. MERRILL**  
*Its Attorney*

3641

## VERIFICATION

STATE OF TEXAS  
COUNTY OF HARRIS

Before me, a notary public in and for Harris County, Texas, on this day personally appeared Bruce R. Merrill, who, being duly sworn, on oath says that he is an attorney for Continental Oil Company, applicant herein, and that the statments of fact set forth in the foregoing Notice are true and correct.

BRUCE R. MERRILL

Sworn to and subscribed before me, this 22nd day of January, 1959.

HALLIE R. MADELEY  
Notary Public in and for  
Harris County, Texas

My Commission expires June 1, 1959.

3642-3645

CERTIFICATE OF SERVICE

• • • • •

(3646)

**3646**

BEFORE THE  
FEDERAL POWER COMMISSION  
UNITED STATES OF AMERICA

Docket No. G-12446

In the Matter of  
TEXAS EASTERN TRANSMISSION CORPORATION

**Fourth Supplement To Petition To Reopen Hearing and To  
Amend Application For Certificate of Public Convenience  
and Necessity Pursuant To Section 7(c) of the Natural  
Gas Act**

NOW COMES Texas Eastern Transmission Corporation (Texas Eastern), Applicant herein, and files this Fourth Supplement to the Petition to Reopen the Hearing and to Amend the Application for a Certificate of Public Convenience and Necessity in the above entitled and numbered docket.

**I.**

The Lease Purchase Agreement dated December 4, 1958, and related agreements heretofore filed with the Commission in connection with the Second Supplement to the Petition to Reopen in this proceeding reveal that Texas Eastern's right to acquire the leasehold interests in the Rayne Field, Acadia Parish, Louisiana, therein referred to, is conditioned upon Continental Oil Company, Sun Oil Company, General Crude Oil Company, and M. H. Marr receiving from the Internal Revenue Service a ruling in writing to the effect that the gain from the sale of such leasehold interests will be considered as gain from the sale of a capital asset held for more than six months under the provisions of Section 1231 of the Internal Revenue Code of 1954. This

3647

Fourth Supplement is filed for the purpose of informing the Commission that such condition has now been met to the satisfaction of Continental Oil Company, Sun Oil Company, General Crude Oil Company, and M. H. Marr as is reflected by the letters from such parties to Louisiana Gas Corporation dated January 19, January 21, January 23, and January 19, 1959, respectively, and the letter from Louisiana Gas Corporation to Texas Eastern dated February 2, 1959, copies of which letters are attached hereto and made a part hereof.

WHEREFORE, Applicant reiterates the prayer of the original Application and the Petition to Reopen and Amend.

Respectfully submitted,

TEXAS EASTERN TRANSMISSION CORPORATION

Jack D. Head

Vice President and General Counsel  
9th Floor, Memorial Professional Bldg.  
Houston, Texas

3648

STATE OF TEXAS  
COUNTY OF HARRIS

Jack D. Head, being duly sworn, hereby deposes and says that he is Vice President and General Counsel of Texas Eastern Transmission Corporation; that he is duly authorized to execute the foregoing Fourth Supplement; that he has read said Fourth Supplement and is familiar with its contents, and that the facts set forth therein are true and correct to the best of his knowledge, information and belief.

JACK D. HEAD

(3648)

Subscribed and sworn to before me, a Notary Public in and for Harris County, Texas, this 3rd day of February, 1959.

*Notary Public in and for  
Harris County, Texas*  
FLORRIS H. PLOWMAN

My Commission expires: June 1, 1959.

(SEAL)

3649

COPY

CONTINENTAL OIL COMPANY

P.O. Box 2197  
Houston 1, Texas  
January 19, 1959

Louisiana Gas Corporation  
Attention of Mr. Campbell A. Griffin  
11th Floor Esperson Building  
Houston 2, Texas

Gentlemen:

Re: Lease Sale Agreement

Rayne Field, Acadia Parish,  
Louisiana

Continental Oil Company has received a ruling from the Internal Revenue Service that, in the opinion of Continental and as to the interests of Continental, satisfies Condition 2 of the Lease Sale Agreement dated December 4, 1958, between Continental Oil Company, Sun Oil Company, M. H. Marr and General Crude Oil Company, as First Parties, and Louisiana Gas Corporation, as Second Party.

Louisiana Gas Corporation, and the other First Parties to said Lease Sale Agreement, are hereby notified that

(3649)

said Condition 2 of the Lease Sale Agreement has been satisfied as to Continental Oil Company.

Yours very truly,

CONTINENTAL OIL COMPANY

By /s/ O. L. FISHER

cc: Sun Oil Company

Attention: Mr. Buford R. Koehler  
P.O. Box 2831  
Beaumont, Texas

Mr. M. H. Marr  
Attention: Mr. Donley C. Wertz  
2500 Republic National Bank Building  
Dallas, Texas

General Crude Oil Company  
Attention: Mr. J. W. Cutbirth  
P.O. Box 2252  
Houston 1, Texas



(3650)

3650

COPY

SUN OIL COMPANY  
GULF COAST DIVISION  
SAN JACINTO BUILDING  
P. O. BOX 2831  
BEAUMONT, TEXAS

January 21, 1959

Louisiana Gas Corporation  
11th Floor, Esperson Building  
Houston 2, Texas  
Attention: Mr. Campbell A. Griffin

Re: *Lease Sale Agreement, Rayne Field,  
Acadia Parish, Louisiana*

Gentlemen:

Sun Oil Company, as one of "First Parties" to Lease Sale Agreement between Continental Oil Company, Sun Oil Company, M. H. Marr and General Crude Oil Company as First Parties and Louisiana Gas Corporation as Second Party, dated December 4, 1958, has received from the Internal Revenue Service a ruling in writing dated January 13, 1959.

Louisiana Gas Corporation and the other First Parties to said Lease Sale Agreement are hereby notified that

(3650)

Condition 2 set forth in such Lease Sale Agreement has been satisfied as to Sun Oil Company.

Very truly yours,

SUN OIL COMPANY

By /s/ DONELSON CAFFERY  
Agent and Attorney-in-Fact

cc: Continental Oil Company  
Attention: Mr. O. L. Fisher  
P. O. Box 2197  
Houston 1, Texas

Mr. M. H. Marr  
Attention: Mr. Donley C. Wertz  
2500 Republic National Bank Bldg.  
Dallas, Texas

General Crude Oil Company  
Attention: Mr. J. W. Cutbirth  
P. O. Box 2252  
Houston 1, Texas

(3651)

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COPY

GENERAL CRUDE OIL COMPANY  
POST OFFICE BOX 2252  
HOUSTON 1, TEXAS

January 23, 1959

Continental Oil Company  
Attention Mr. O. L. Fisher  
P. O. Box 2197  
Houston 1, Texas

Sun Oil Company  
Attention Mr. Buford R. Koehler  
P. O. Box 2831  
Beaumont, Texas

M. H. Marr  
Attention Mr. Donley C. Wertz  
2500 Republic National Bank Building  
Dallas, Texas

Louisiana Gas Corporation  
Attention Mr. Campbell A. Griffin  
11th Floor, Esperson Building  
Houston 2, Texas

Re: Lease Sales Agreement—  
Rayne Field, Acadia Parish  
Louisiana

Gentlemen:

By letter dated January 13, 1959, the Internal Revenue Service, acting through Mr. Howard T. Swartz, Assistant Commissioner, issued a ruling to General Crude Oil Company relating to the tax consequences of the proposed sale from General Crude Oil Company, et al to Louisiana Gas Corporation.

(3651)

This is to advise each of you that such ruling is satisfactory to General Crude Oil Company and satisfies Condition No. 2 in the Lease Sale Agreement dated December 3, 1958, by and between Continental Oil Company, Sun Oil Company, M. H. Marr, and General Crude Oil Company, as First Parties, and Louisiana Gas Corporation, as Second Party.

Yours very truly,

GENERAL CRUDE OIL COMPANY

/s/ J. W. Cutbirth

(3652)

3652

COPY

MARR COMPANY  
2500 REPUBLIC NATIONAL BANK BUILDING  
DALLAS 1, TEXAS

January 19, 1959

Continental Oil Company  
P. O. Box 2197  
Houston 1, Texas  
Attention: Mr. O. L. Fisher

Sun Oil Company  
P. O. Box 2831  
Beaumont, Texas  
Attention: Mr. Buford R. Koehler

General Crude Oil Company  
P. O. Box 2252  
Houston 1, Texas  
Attention: Mr. J. W. Cutbirth

Louisiana Gas Corporation  
11th Floor, Esperson Building  
Houston 2, Texas  
Attention: Mr. Campbell A. Griffin

Re: Lease Sale Agreement  
Rayne Field  
Acadia Parish, Louisiana

Gentlemen:

By letter dated January 13, 1959, The Internal Revenue Service, acting through Mr. Howard T. Swartz, Assistant Commissioner, issued a ruling to M. H. Marr relating to the tax consequences of the proposed sale from M. H. Marr et al to Louisiana Gas Corporation.

(3653)

Pursuant to Lease Sale Agreement dated December 4, 1958, this is to advise that Condition No. 2 thereof has been satisfied insofar as M. H. Marr is concerned.

Very truly yours,

M. H. MARR

By /s/ Donley C. Wertz  
Executive Assistant

3653

COPY

LOUISIANA GAS CORPORATION  
ESPERSON BUILDING  
HOUSTON 2, TEXAS

February 2, 1959

Texas Eastern Transmission Corporation  
P. O. Box 1189  
Houston 1, Texas

Re: Lease Purchase Agreement  
Rayne Field  
Acadia Parish, Louisiana

Gentlemen:

Please refer to the Lease Purchase Agreement dated December 4, 1958, between Louisiana Gas Corporation and Texas Eastern Transmission Corporation, wherein Louisiana Gas Corporation agrees to sell to Texas Eastern Transmission Corporation all of the leasehold interests and related properties of Continental Oil Company, Sun Oil Company, General Crude Oil Company, and M. H. Marr in the Rayne Field, Acadia Parish, Louisiana, covered by that certain Lease Sale Agreement dated Decem-



(3653)

ber 4, 1958, between Louisiana Gas Corporation and Continental Oil Company, et al, annexed as Exhibit I to the subject Lease Purchase Agreement.

Continental Oil Company, Sun Oil Company, General Crude Oil Company, and M. H. Marr by letters dated January 19, January 21, January 23 and January 19, 1959, respectively, (copies of which are attached hereto) have each advised Louisiana Gas Corporation that a ruling has been received from the Internal Revenue Service that satisfies Condition No. 2 of the Lease Sale Agreement attached as Exhibit I to the subject Lease Purchase Agreement between Louisiana Gas Corporation and Texas Eastern Transmission Corporation.

Yours very truly,

LOUISIANA GAS CORPORATION

By /s/ Campbell A. Griffin  
Campbell A. Griffin  
President

Attachment

3668

UNITED STATES OF AMERICA  
FEDERAL POWER COMMISSION

Before Commissioners: Jerome K. Kuykendall, Chairman;  
Frederick Stueck, William R. Connole, Arthur Kline  
and John B. Hussey.

In the Matters of

Docket No. G-12446 <sup>1</sup>

TEXAS EASTERN TRANSMISSION CORPORATION

Docket No. G-12447 <sup>1</sup>

TEXAS EASTERN PENN-JERSEY TRANSMISSION CORPORATION

**Order Reopening Proceedings and Fixing Date of Hearing**

(Issued February 19, 1959)

Texas Eastern Transmission Corporation (Texas Eastern), a natural-gas company and Texas Eastern Penn-Jersey Transmission Corporation (Penn-Jersey), a natural-gas company and a subsidiary of the former, applied for certificates of public convenience and necessity under Section 7 of the Natural Gas Act authorizing the construction and operation of certain natural gas pipeline facilities, which facilities would become integral parts of the existing pipeline system which extend from points in Texas and Louisiana to points in Pennsylvania, New York and New Jersey as well as intermediate points lying between. Pursuant to due notice given and published, hearings were held upon the said applications during the month of November 1957, and thereafter the matters were concluded at a hear-

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<sup>1</sup> Consolidated for purposes of hearing with the applications of independent producers: Continental Oil Company (Docket No. G-12432), M. H. Marr (Docket No. G-12885), Sun Oil Company (Docket No. G-12913) and General Crude Oil Company (Docket No. G-12931); seeking authorization to sell natural gas in interstate commerce to Texas Eastern.

(3668)

ing after a recess in January 1958, at which time the record was closed and the matters submitted to the Presiding Examiner for decision. On April 15, 1958, the Presiding Examiner rendered his decision with respect to the applications. Exceptions to such decision were filed by The Manufacturers Light & Heat Company, The Ohio Fuel Gas Company, The Brooklyn Union Gas Company, Equitable Gas Company, Philadelphia Electric Company, The East Ohio Company, Hope Natural Gas Company, The Peoples Natural Gas Company, United Gas Improvement Company, United Cities Gas Company and New York Public Service Commission. The matters were then before the Commission for final decision.

On August 11, 12 and 20, 1958, letters from the Commission to the three independent producers, parties to the consolidated proceedings herein and hereinafter named, permitted withdrawals of the applications in the respective dockets. Their names, docket numbers and dates of filing of notices of intent

### 3669

to withdraw are as follows: Sun Oil Company (Docket No. G-12913), M. H. Marr (Docket No. G-12885) and General Crude Oil Company (Docket No. G-12931); respective filing dates July 9, July 16 and August 1, 1958. Continental Oil Company filed a notice of withdrawal in Docket No. G-12432 on January 27, 1959, which said notice has not been acted upon.

On September 8, 1958, Texas Eastern and Penn-Jersey filed a joint motion to reopen hearing and to amend their respective applications. Since September 8, five supplements to the said motion have been filed by petitioners together with an application for a temporary certificate authorizing construction and operation of the facilities described in their original applications, as amended, which said facilities constitute those which have not been in-

stalled under the temporary authorization issued by the Commission on November 21, 1957, and excludes those facilities therein described, consisting of 22 miles of 14-inch pipeline and appurtenant facilities extending to the Rayne Field, Acadia Parish, Louisiana to the Opelousas Compressor Station.

On December 5, 1958, the petitioners herein filed the second supplement to the petition to reopen hearing in which filing it is averred that Texas Eastern has negotiated contracts under which it will acquire the leasehold interests in the Rayne Field from the independent producers from whom it originally proposed to purchase natural gas.

An agreement title "Lease Purchase Agreement," dated December 4, 1958, between the four independent producers named in the original proceedings hereof as First Parties and Louisiana Gas Corporation (Louisiana Gas)<sup>2</sup>, a Delaware corporation, as Second Party. The second party, by the terms of the said agreement agrees to buy from the first parties their interest in leases on lands in Acadia Parish, Louisiana, for a price of \$181,065,000. If less than the total leaseholds are sold, Texas Eastern will purchase the remainder of such leaseholds at a price based upon a pro rata basis. The agreement states that first parties make no representations or warranties as to volumes of gas reserves or recoverability of gas.

Texas Eastern, by the terms of an agreement with Louisiana Gas, agrees to pay it \$12,420,500, in cash and the balance in notes for the assignment, transfer and conveyance of the leases above mentioned. The agreement between Louisiana Gas and Texas Eastern is filed with the Commission as an exhibit attached to Supplement 2 above referred to.

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<sup>2</sup> Louisiana Gas would be a wholly owned subsidiary of Texas Eastern.

*The Commission finds:*

(1) It is necessary and appropriate in the public interest to reopen the proceedings in the above-designated matters upon the motion of Texas Eastern and Penn-Jersey to permit the presentation of evidence with respect to the amended proposals.

(2) The proceedings in the above-designated matters should be reopened for the purpose of allowing the evidence to be adduced concerning the matters and issues presented by Texas Eastern and Penn-Jersey in their motion to reopen as supplemented.

(3) The proceedings should be remanded to the Presiding Examiner for further hearing in accordance with findings (1) and (2) hereof.

*The Commission orders:*

(A) That the proceedings In the Matters of Texas Eastern Transmission Corporation, Docket No. G-12446, and Texas Eastern Penn-Jersey Transmission Corporation, Docket No. G-12447, be and the same hereby are reopened for the reception of evidence upon the lease sale agreements dated December 4, 1958 and the proposed amendments to the applications relating to the facilities to be constructed and the alterations proposed.

(B) The proceedings above-designated are hereby remanded to the Presiding Examiner for further hearing for the purposes set forth in findings (1) and (2) hereof.

(C) Pursuant to authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Natural Gas Act a hearing will be held on March 10, 1959 at 10:00 a.m. (EST) in a hearing room of the Commission, 441 G Street, N.W., Washington, D. C.,

(3700)

concerning the matters involved in and the issues presented by the joint motion of Texas Eastern and Penn-Jersey.

(D) Parties who participated in the original proceedings may participate in the reopened proceedings without filing further petitions for leave to intervene. Any additional protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the Rules of Practice and Procedure (18 C.F.R. 1.8 or 1.10) on or before March 6, 1959.

By the Commission.

/s/ J. H. GUTRIDE  
Joseph H. Gutride,  
Secretary.

**3700**

UNITED STATES OF AMERICA  
FEDERAL POWER COMMISSION

Before Commissioners: Jerome K. Kuykendall, Chairman;  
Frederick Stueck and Arthur Kline.

In the Matters of

TEXAS EASTERN TRANSMISSION  
CORPORATION

Docket No. G-12446

TEXAS EASTERN PENN-JERSEY  
TRANSMISSION CORPORATION

Docket No. G-12447

**Order Granting Motion for Omission of Intermediate Decision  
Procedure and Order Denying Motion to Expedite Time  
for Filing Briefs**

(Issued April 6, 1959)

On March 17, 1959 following the conclusion of the hearing in the reopened proceeding in the above-entitled matters



(3700)

Texas Eastern Transmission Corporation (Texas Eastern) filed a motion to omit the intermediate decision procedure and to reduce the time for filing briefs as fixed by the Presiding Examiner at the close of the said hearing on March 13, 1959. The Public Service Commission of the State of New York filed an answer to the said motions of Texas Eastern on March 26, 1959. In the answer so filed no objection was made to the omission of the intermediate decision procedure, but as to the motion to expedite the filing of briefs objection was made.

*The Commission finds:*

(1) In the record of the instant proceedings sufficient facts are shown to warrant the omission of the intermediate decision procedure, and no opposition to the granting of such motion has been made.

(2) The facts and circumstances stated in the answer by The Public Service Commission of the State of New York and the Presiding Examiner's order setting the dates for filing briefs justify the denial of the motion to shorten the time for filing of briefs.

**3701**

*The Commissioner orders:*

(A) The motion to omit the intermediate decision procedure be and the same hereby is granted.

(B) The motion to expedite the filing of briefs be and the same hereby is denied.

By the Commissioner.

[SEAL]

J. H. GUTRIDE  
Joseph H. Gutride,  
Secretary.

**3702**

**„Errata Notice**

(April 7, 1959)

**Order Granting Motion for Omission of Intermediate Decision  
Procedure and Order Denying Motion to Expedite Time  
for Filing Briefs**

(Issued April 6, 1959)

Page 1, after the words "Before Commissioners" delete  
"Arthur Kline and insert "William R. Connole" in lieu  
thereof

Page 2, on the first and last line, change the word "Com-  
missioner" to read "Commission"

/s/ Joseph H. Gutride,  
*Secretary*

**MEMORANDUM TO FILES:**

This notice was sent to all person(s), etc, to whom order  
of 4/6/59 was sent.